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BRAZIL – CERTAIN MEASURES CONCERNING TAXATION AND CHARGES

STATUS REPORT REGARDING IMPLEMENTATION OF THE DSB RECOMMENDATIONS AND RULINGS BY BRAZIL

The following communication, dated 11 November 2019, from the delegation of Brazil to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 21.6 of the DSU.

Brazil submits this report in accordance with Article 21.6 of the *Understanding on Rules and Procedures Governing the Settlement of Disputes*.

On 11 January 2019, the Dispute Settlement Body ("DSB") adopted its recommendations and rulings in *Brazil – Certain Measures Concerning Taxation and Charges* (WT/DS472 and WT/DS497). At the following DSB meeting, Brazil informed the DSB of its intention to implement the recommendations and rulings of the DSB in connection with this matter.

Brazil and the European Union ("EU") agreed that the reasonable period of time ("RPT") for Brazil to implement the recommendations and rulings of the DSB would end on 31 December 2019, with the exception of the measures found to be prohibited subsidies, for which Brazil agreed to bring its measures into compliance on 21 June 2019.

Three programmes have expired before the adoption of the reports of the Panel and of the Appellate Body: INOVAR-AUTO expired on 31 December 2017, pursuant to Law 12,715/2012; PATVD expired on 22 January 2017, pursuant to Law 11,484/2007; and Digital Inclusion expired on 30 December 2015, pursuant to Law 13,241/2015. These programmes have expired and have not been renewed. Therefore, there are no further obligations with regard to recommendations made in relation to those programmes.

With regard to the findings on "*Processos Produtivos Básicos*" (PPBs), on 19 June 2019, the Ministry of the Economy and the Ministry of Science and Technology issued Interministerial Implementing Order SEPEC/ME/MCTIC Nº 1, revoking Implementing Orders found to be inconsistent with the Covered Agreements. Furthermore, several Implementing Orders have been enacted in substitution to those found to be inconsistent in the rulings of the reports. These new Implementing Orders do not reference other PPBs and are consistent with Brazil's obligations under the WTO.

With relation to the findings on the Informatics and PADIS programmes, the Government of Brazil is preparing to enact legislation with consultations with all interested stakeholders in order to amend the respective laws so as to bring those measures into conformity within the agreed RPT.
