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File APR-66a

BRAZIL (RIO DE JANEIRO)

May 28, 1969

AMERICAN CONSULATE GENERAL

BZ-9042

CODE : 24 AL

JUN 13 1969

AGRICULTURAL SITUATION: Trade Policy

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RECIFE, BRAZIL

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To:	ctn in	The Brazilian Government, on December 30, 1968, published Decree-Law 398 increasing by 100 percentage points the ad valorem taxes on certain non-essential goods imported from other than LAFTA sources. The tariff on imports of the same goods from LAFTA countries was unchanged.
PO		
DPO		
POL		The overall impact of this tariff increase was analyzed in Rio's A-85, January 29, 1969. The new tariff has now been in effect long enough to give us some idea of its impact on imports of food items. Its effect on tobacco was discussed in BZ-9025.
POL		
ECON	i	
CONS		
ADMIN		
USAIC		The importation of these food items from the United States was not large but the 1968 increase over 1967 was encouraging. Another encouraging sign was the opening of new modern delicatessens in Rio de Janeiro. We have discussed the increased levies with one importer of specialty food items and two delicatessen operators, all in Rio de Janeiro. The importer said his sales of these imported specialty items have fallen by 60 to 70 percent as a result of the higher prices. The smaller delicatessen which is located in a residential area, said sales of all products including those produced in Brazil have fallen about 30 percent. The larger store, which is located in the business center of Rio, said his sales of imported items fell in February and March (immediately after the price increase) but returned to normal during April and May. Thus the full effect of this tariff increase is not yet clear. When Brazil's trade data for calendar 1969 become available, the effect will be more apparent. These data are now being sent to Washington as soon as they become available in the form of monthly ADP runs.
USIS		
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Action taken:

Initials:

In the meantime, we are distributing copies of the most recent Telefood Magazine to buyers of these products.

Imports of selected items in 1967 and 1968 are shown in Table 1. Tariff rates before and after the increase are shown in Table 2.

John C. McDonald

John C. McDonald
Agricultural Attaché

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TABLE I. Brazilian Imports of Selected Specialty
Feed Items in 1967 and 1968.

<u>Item and tariff code</u>	<u>1967</u>		<u>1968</u>	
	<u>Kilos</u>	<u>U.S.\$</u>	<u>Kilos</u>	<u>U.S.\$</u>
<u>Butter 43240</u>				
U.S.	0	0	80	12
Total	19,765	19,015	4,472,254	1,511,085
<u>Canned Vegetables 49500</u>				
<u>Olives</u>				
U.S.	0	0	172	47
Total	56,739	28,172	85,632	42,394
<u>Asparagus</u>				
U.S.	519	583	3,780	4,109
Total	695	937	7,755	8,987
<u>Onions</u>				
U.S.	0	0	29	5
Total	192	231	1,645	1,131
<u>Carrots</u>	0	0		
U.S.	0	0	5,368	2,228
Total	0	0	6,074	2,415
<u>Mushrooms</u>				
U.S.	0	0	243	294
Total	11,991	22,135	21,857	33,587
<u>Peas</u>				
U.S.	868	397	5,970	2,666
Total	56,929	9,760	339,315	107,047

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BeansItem and tariff codeCanned V getables 49500

1967		1968	
Kilos	U.S.\$	Kilos	U.S.\$

Beans

U.S.	0	0	2,825	1,545
Total	38	40	3,553	2,263

Tomato & Tomato Extract

U.S.	0	0	1,530	924
Total	0	0	4,724	2 138

Pickles

U.S.	242	287	1,088	819
Total	6,044	2,712	30,074	13,938

Canned Vegetables not specified
49539

U.S.	844	342	7,066	3,191
Total	5,304	6,004	64,911	52,267

Crystallized Fruits 45630

U.S.	279	650	2,603	7,111
Total	15,733	19,453	41,199	60,724

Fruit Juices 45800Orange

U.S.	0	0	378	233
Total			2,788	753

Apple

U.S.			892	499
Total			17,905	1,529

Grapes

All from U.S.	0	0	2,980	854
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<u>Item and tariff code</u>	<u>1967</u>		<u>1968</u>	
	<u>Kilos</u>	<u>U.S.\$</u>	<u>Kilos</u>	<u>U.S.\$</u>
<u>Fruit juices 45800</u>				
<u>Not specified</u>				
U.S.	125	85	18,060	6,431
Total	217	170	27,880	10,120
<u>Tobacco Products 89700</u>				
<u>Cigars</u>				
U.S.	-	-	58	300
Total	-	-	127	2,508
<u>Pipe Tobacco</u>				
U.S.	8,108	27,988	12,413	45,370
Total	8,283	29,062	19,074	71,633

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TABLE 2. Selected Food Products Included
in Decree-Law 398

<u>Product</u>	<u>Tariff Code</u>	<u>Tariff</u>	
		<u>Prior to Jan. 1, 1969</u>	<u>After Jan. 1 1969</u>
Cheese	04.06	70	170
Butter	04.07	55	155
Vegetables in salt or other preservative solution during transportation	17.02	45	145
Dehydrated vegetables (Does not include peas & lentils)	17.03	55-70	155-170
Pickals, etc.	20.01	70-80	170-180
Preserved olives, beets, onions, peas, lentils, corn, etc. without vinegar. In containers not hermetically sealed	20.02	85	185
In containers hermetically sealed	20.03	80	180
Crystallized (glazed) fruits or plants in sugar	20.05	85-105	185-205
Concentrated, unfermented fruits or vegetable juice with or without sugar	20.07	85	185
Prepared tobacco products cigarettes, cigars, and others	24.02	105	205

Source: Diário Oficial, Dec. 31, 1968