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GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

TNB/10

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TARIFF NEGOTIATIONS WITH BRAZIL

Tariff Negotiations Committee

PROCEEDINGS OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva
on Tuesday, 19 November 1957 at 5.30 p.m.

Chairman: Mr. FINN GUNDELACH (Denmark)

- Subjects discussed:
1. Election of Chairman
 2. Co-option of Germany
 3. English text of Brazilian Tariff
 4. Accommodation for tariff negotiations
 5. Questions addressed to the Delegation of Brazil relating to Brazilian Tariff Law
 6. Discussion of preliminary procedures

1. Election of Chairman

Mr. Finn Gundelach (Denmark) was unanimously elected Chairman of the **Tariff Negotiations Committee** for the negotiations with Brazil.

2. Co-option of Germany

The German representative, although his Government had not yet decided whether it would participate in the negotiations, asked to be co-opted by the Committee. It was so decided.

3. English text of the Tariff

The Deputy Executive Secretary announced that the International Customs Tariff Bureau in Brussels had nearly completed the translation of the new Brazilian tariff into English. He paid tribute to the Bureau and to its Director, Mr. Briffeuil, for the work they had done and were doing to facilitate the task of the negotiating contracting parties.

4. Accommodation for tariff negotiations

The Deputy Executive Secretary informed the Committee that office space for the negotiations would be available in the Palais des Nations from January to the end of March. In view of the limited number of offices which could be made available, contracting parties which intended to participate in the negotiations were asked to notify their office requirements to the secretariat as soon as possible.

5. Questions addressed to the Delegation of Brazil relating to Brazilian Tariff Law

At an earlier meeting of the Committee (TNB/5) it was decided that preliminary discussions would be held in Geneva with the Brazilian Delegation, either at meetings of the Committee or bilaterally, for the clarification of any points in accordance with the Committee's terms of reference. In view, however, of the heavy work-load imposed on delegations by the Twelfth Session of the CONTRACTING PARTIES, it was decided that no meetings of the Committee be held for this purpose until after the session. Delegations which required clarification should address their inquiries to the Brazilian Delegation and send a copy to the secretariat. The Brazilian delegation would submit its answers to the secretariat for distribution to members of the Committee.

6. Discussion of preliminary procedures

The representative of Brazil expressed his Government's disagreement with the procedure outlined in paragraph 1 of TNB/6. He suggested that this procedure did not conform with paragraph 4 of the Decision of 16 November 1956 (Basic Instruments and Selected Documents, 5th Supplement, page 38). His Government proposed to indicate to its negotiating partners the concessions which Brazil would like to receive. The concessions requested by Brazil need not coincide with those at present bound to Brazil in the Schedules of contracting parties. Brazil on the other hand expected to receive suggestions from other contracting parties as to the concessions they would like to receive.

In the discussion that followed, numerous contracting parties expressed their disagreement with this view. They considered that the negotiations should follow the procedures of Article XXVIII, it being held that, under the waiver, Brazil's obligations in Schedule III were only suspended pending the completion of negotiations under Article XXVIII. In their view Brazil therefore owed compensation to the other contracting parties for the modification of the duties it had originally bound in its Schedule.

The Deputy Executive Secretary, referring to the terms of the waiver, pointed out that there was no indication therein that the negotiations should take place under the terms of any particular article of the Agreement. It was clear on the other hand that there would be need for different types of negotiations for the replacement of Schedule III. Brazil, in fact, intended to negotiate with Switzerland; there was no doubt that this negotiation should follow the rules of negotiation for accession of a contracting party. Brazil would also be negotiating with Germany and Japan; as there had been no previous tariff negotiations between the parties the usual negotiating rules would apply. There were no problems with respect to these two types of negotiation. The difficulty arose with respect to the negotiations with other contracting parties. These negotiations were mentioned in paragraph 7 of the Report on the Brazilian Tariff and Schedule (BISD 5th Supplement, page 124) as designed "to replace the present Brazilian Schedule". There was no doubt in his mind that the concessions in Schedule III had been deleted. On the other hand contracting parties had not - with one exception - suspended the concessions in their own Schedule which had been initially negotiated with Brazil, nor had they suspended to Brazil most-favoured-nation rights with respect to concessions initially negotiated with other contracting parties.

The object of those negotiations was therefore to replace the Brazilian Schedule, not the concessions granted to Brazil by other contracting parties. Whatever article the negotiators might appeal to, the terms of the waiver involved the maintenance of present concessions by contracting parties and offers by Brazil which would match these concessions. If in the course of negotiations a contracting party should agree to grant further concessions to Brazil, beyond those already in its Schedule, there was obviously no reason why it should be prevented from doing so. He considered that the procedures would best be examined from a practical rather than a legalistic point of view.

As to the procedures in paragraph 4 of the Decision of 16 November 1956 it was true that they had been borrowed from those of Article XXVIII but they had been inserted in the Decision only to take account of the possibility that the negotiations with a contracting party might not reach a mutually satisfactory adjustment.

It was agreed to hold a further meeting on this question in the following week.