

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

Committee on Balance-of-Payments Restrictions

NOTE ON THE MEETING HELD ON 30 OCTOBER - 2 NOVEMBER 1984

Chairman: Mr. J.N.Feij (Netherlands)

1. The Committee on Balance-of-Payments Restrictions met during the period 30 October - 2 November 1984 to conduct full consultations with Portugal and the Republic of Korea, and consultations under simplified procedures with Bangladesh and the Philippines. Reports on these consultations are contained in documents BOP/R/145, 146 and 147.

2. The following other business was discussed during the meeting:

(a) Measures taken by contracting parties

(i) Colombia

3. The Committee took note of notifications received from Colombia in documents L/5542 and Add.1-3, concerning import restrictions introduced for balance-of-payments reasons pursuant to Article XVIII:B. It decided that consultations should be held with Colombia, the date to be fixed according to the usual consultation procedures.

(ii) Argentina

4. The Committee took note of notifications received from Argentina in documents L/5643 and L/5687, concerning import restrictions introduced for balance of payments reasons. The representative of Argentina, recalling that these notifications were made at the Committee's request pursuant to Paragraph 3 of the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes and to the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance, stated that a further notification would be provided very shortly in terms of the relevant provisions of the General Agreement.

(iii) Israel

5. The Committee took note of notifications received from Israel in documents L/5669 and L/5697 and Add.1 concerning respectively the extension of the import deposit scheme until 1 December 1984 and the introduction of a number of temporary import prohibitions for six months with effect from 3 October 1984. The situation regarding the measures notified by Israel will be taken into consideration by the Committee in deciding on the timing of the next consultation with Israel.

(iv) Hungary

6. The Committee took note of a notification by Hungary in document L/5363/Add.4, that with effect from 1 July 1984 reference limits had been abolished for all products except for the six items subject to import quotas in 1984. The representative of Hungary further stated that it was Hungary's intention to eliminate all of the restrictions introduced for balance-of-payments reasons in September 1982, with effect from 1 January 1985. A notification would be duly made by Hungary at the appropriate time.

(b) The trading environment and balance-of-payments consultations:
Statement by the representative of Brazil

7. The representative of Brazil recalled that at the meeting of the Committee on 23 May 1984, his delegation had informed the Committee that Brazil, taking into account the procedures established in document C/125 and approved by the Council at its session of 16 March, had submitted to its main trading partners (the United States, Japan, EEC, Australia, Austria, Canada, Sweden and Switzerland) a list of suggestions for co-operative action that they could autonomously adopt on a MFN basis, during the adjustment period of Brazil's balance of payments, and would inform the Committee of the results of any bilateral consultations following from these submissions. He now wished to present to the Committee the reactions that Brazil had received so far from these trading partners. He recalled that Brazil had the intention strictly to observe the relevant provisions of the GATT, particularly the 1979 Declaration on Trade Measures Taken for Balance-of-Payments Purposes.

8. The representative of Brazil stated that Brazil had expected a more co-operative response from its more important trading partners in order both to alleviate its critical balance of payments problem and to ensure an expansion of trade which would benefit all contracting parties. He noted that the concept that balance of payments adjustment must be based on export expansion and not on import contraction had been recognized without dissent, in GATT and elsewhere. Brazil emphasised the need to draw practical consequences from that concept. However, so far there had been no positive specific reaction to the Brazilian approach, but only responses of a general nature. Brazil's offer to make themselves available for consultations on the suggestions made was not taken up by any of the countries approached. These reactions contrasted with the Committee's recognition, in its consultations with Brazil in December 1983, of the importance of the possibilities for alleviating and correcting balance-of-payments problems through measures that contracting parties might take to facilitate an expansion of export earnings of consulting contracting parties.

9. Most governments to which Brazil presented its submissions had reiterated their concern about the growing balance-of-payments difficulties of a number of developing countries, including Brazil, as well as their awareness of the more limited access to their markets for products from developing countries. However, despite the general recognition by these governments of the interdependence of trade, debt, monetary and development issues and the need to take into account the linkages among them, they had

not found themselves in a position to give positive responses to the Brazilian requests; and some barriers to Brazilian exports had since been strengthened or new ones created. The substantial trade surplus generated by Brazil in 1984 had thus not been achieved by export expansion alone, as desired, but at the cost of a further contraction of imports and a consequent reduction in economic growth.

10. The representative of Brazil expressed his delegation's disappointment at the lack of results from Brazil's initiative, and took note of the attitude of some contracting parties in refusing to accept their share of the responsibility for alleviating balance-of-payments problems of other contracting parties. His government would not fail to take these facts into account in examining any future request for balance-of-payments consultations with Brazil.

11. The Committee took note of this statement.