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TARIFFS AND TRADE

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BRAZIL

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The year 1992 has been greatly dominated by expectations concerning the Uruguay Round. So Brazil wholeheartedly welcomes the fact that there is now a concrete perspective to rapidly bring these negotiations to a successful end in the appropriate Geneva forum and with a view to balanced results beneficial to all participants.

Among the GATT activities carried out in 1992, I cannot but highlight the trade policy review of Brazil. I wish to stress that the importance of that exercise has been twofold. On the one hand, it has led the Brazilian Government to deepen its own reflection on its economic and trade policy, and many of the comments made then will be the object of attentive consideration. On the other hand, it offered an opportunity for the Government of Brazil to present in a comprehensive manner the autonomous liberalization process it has undertaken and which it feels constitutes an important contribution to the strengthening of the multilateral trading system.

In this connection, I would like to refer to an element of the conclusion of the Council Chairman on that occasion: "The Council noted the importance attached to an open multilateral trading system by Brazil and its strong commitment as a key participant in the Uruguay Round process. It also acknowledged that Brazil's ability to continue its liberalization and reform would be greatly facilitated by a supportive external environment, including a successful conclusion to the Uruguay Round".

And yet, it is of ill omen that in almost all areas in which Brazil could develop on the basis of its comparative advantages, protectionist forces seem to regain strength.

In agriculture, not only markets for Brazilian products were either shut or had the access thereto obstructed by unfair competition, but subsidized agricultural products have started to occupy Brazil's domestic market itself, endangering its own internal policies based on the rational allocation of resources.

In textiles trade, the "calls", as they are referred to, under the Multifibre Arrangement and bilateral agreements are beginning to proliferate, engendering uncertainty and disruption for Brazil's industry.

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Of greatest concern is what is happening in steel trade. Although Brazil has embarked on a far-reaching, fair and open privatization programme, as recognized in the TPRM exercise, not only markets are not expanding, but very recently another unexpected barrier has surged, namely, the sudden change in methodology for calculation of subsidies, which has resulted in the application of provisional countervailing duties -- some of the order of almost 60 per cent -- to products from Brazil in one of its main markets. Unfair, highly questionable and shifty methods, which add up to the high costs involved in the investigation itself, are threatening to make exportation prohibitive, disturbing the production, reducing employment opportunities and jeopardizing the privatization programme. The Brazilian Government considers the recent countervailing measures in the United States arbitrary and designed to protect the interest of inefficient domestic producers. It also wishes to recall that the measures are applied in spite of Brazil's determined participation in lengthy, costly, time- and effort-consuming plurilateral negotiations of a Multilateral Steel Agreement (MSA). While Brazil is still under the shock of the measures just taken, it is already examining the steps to be taken either bilaterally or under the GATT, or both, to ensure that this new spree of protectionism can be reverted.