

SECOND SESSION OF THE PREPARATORY COMMITTEE OF THE
UNITED NATIONS CONFERENCE ON TRADE AND EMPLOYMENTSUMMARY RECORD

Twenty-first Meeting in Executive Session held on
Friday, 8th August 1947, at 10.30 a.m. in the
Palais des Nations, Geneva

Chairman: M.M.Suetens (Belgium)

The Brazilian Tariff

In opening the Meeting the CHAIRMAN announced that it had been convened for the purpose of discussing the statement on the adjustment of the Brazilian Customs Tariff, which had been circulated by the Brazilian Delegation in document E/PC/T/151 and 151 Corr.1. He called upon the Brazilian Delegate to explain the statement.

Mr. A. BRAGA (Brazil) said that the statement which his Delegation had distributed sufficiently explained the adjustment which was being effected in the Brazilian Tariff, and clarified the circumstances and the situation which his Government wished to correct; further, the schedule attached to the statement showed clearly the effects of the adjustment. Mr. Braga said that he had with him two experts on the Brazilian Tariff who would be pleased to give any information that might be required.

The CHAIRMAN enquired whether Delegates wished to ask any questions concerning the Brazilian statement, and

when no Delegate indicated a desire to speak Mr. O. PARANAGUA (Brazil) said that possibly the silence of the Delegates was an indication that the statement was self-explanatory, but he would be pleased, nevertheless, to give any further information Delegates might require.

Mr. S.L.HOLMES (United Kingdom) enquired whether the proposed 40% increase in the duty rates would apply to items in the tariff which were not included in the present tariff negotiations.

Mr. PARANAGUA said that the re-adjustment which was being made in items under negotiation was fully in accord with Annexure 10 of the report of the First Session; on all other items the Brazilian Government would be free to make whatever re-adjustment it might desire, since there would be no binding of duties not negotiated.

Mr. HOLMES (United Kingdom) said that in that case other Delegations did not know quite where they stood, since it appeared that the possible increase in duties not negotiated was not limited to the 40%. Therefore, his Delegation might wish to ask for negotiations of a larger range of items.

Mr. PARANAGUA (Brazil) said that neither the Brazilian Government nor any other Government could be expected to make any commitment that tariff duties which were not negotiated would not be increased.

The CHAIRMAN then asked for information concerning the time of the depreciation mentioned in the statement.

Mr. E.L. RODRIGUES (Brazil) said that the depreciation of the currency began in 1934. The depreciation had progressed for some years, but the value of the currency was now stabilized.

In reply to a question by Dr. SPEEKENBRINK (Netherlands) Mr. Paranagua explained that the conversion of "specific" duties into "ad valorem" had taken account of the depreciation of the currency but the Government had not allowed in addition for changes in the price level as it could have done.

M. P.A. FORTHOMME (Belgium) agreed that the proposed increase in the tariff was not contrary to the procedural memorandum of the First Session, since the latter had foreseen the need for tariff adjustments to compensate for currency depreciations; it might seem strange, however, that the Brazilian Government only now proposed to make the adjustment but there appeared to be good reasons for this arising from the fact that the changes in the value of the currency had occurred during the war, and that this was the first opportunity since the end of the war to make the adjustment.

Mr. E. McCARTHY (Australia) enquired whether it was the intention of the Brazilian Government to make a further adjustment now in order to take account of the changes in price level in the case of duties which were adjusted in 1945. In reply Mr. PARANAGUA said that, whereas an adjustment in the duty on wool had been made in 1945, the adjustments contemplated in the memorandum of procedure referred only to the period 1946/47. However, in cases of individual commodities if some adjustment had already been made recently consideration would be given to such earlier adjustments in determining the adjustment required now.

M. LECUYER (France) said that the French Delegation supported the views of the Belgian Delegation: if all the principles involved were debated there would be long arguments; he thought that it should be acknowledged that the Brazilian tariff had lost much of its protective effect and therefore the

proposed increase should not be allowed to interrupt the negotiations. He said it might be necessary, however, for the French Delegation to extend its requests for tariff concessions.

Mr. J.P.D. JOHNSEN (New Zealand) enquired whether the 40% increase would apply to items included in the lists of offers of tariff concessions already made by the Brazilian Delegation, and in reply Mr. PARANAGUA recalled that all lists of offers issued by his Delegation included footnotes containing a reservation; therefore, the possibility of a re-adjustment had been known to all Delegations with which they were negotiating.

Dr. SPECKENBRINK (Netherlands) urged the Committee not to lose sight of the fact that it was their purpose to bring about a liberalization of trade, and he asked whether it was not desirable to have generally some guarantee against large increases in duties not negotiated.

Mr. T.K. REES (United Kingdom) put three questions to the Brazilian Delegate: (1) would the Brazilian Delegation have any objection to receiving additional requests for concessions; (2) would currency depreciation be the only factor determining increases in the duties on non-negotiated items; and (3) did the Brazilian Delegation intend to retain freedom to increase also the various supplementary duties.

Mr. O. PARANAGUA (Brazil) said that the point raised by Mr. Speckenbrink goes far beyond the subject discussed at this meeting; delegations are making no obligations to bind the rates of their own tariffs - if governments wished to do that an entirely new question is raised. As for the future tariff policy of the Brazilian Government, he said that it was impossible to know the future of currencies or what adjustments

of tariffs might be required by circumstances. Further he said that the additional duties to which the United Kingdom delegate had referred were fiscal dues with no protective intention and no commitment concerning these was expected of the governments participating in the tariff negotiations.

M. P.A. FORTHOMME (Belgium) said that he wished to support the opinions and suggestions of Mr. Speekenbrink and suggested that possibly delegations might reaffirm their intentions to use moderately their freedom in respect of non-negotiated items.

Referring to the question raised by Mr. Speekenbrink and Mr. Forthomme, the CHAIRMAN agreed that extensive changes in tariffs could destroy the value of the Charter but if any government brought about a substantial alteration in the level of non-negotiated duties, other governments could request consultation in terms of Article 35.

Mr. BROWN (United States of America) referring to the Brazilian statement said that his delegation recognises that a readjustment of specific duties may be rendered necessary by currency depreciation; his delegation had some qualms about a readjustment now which follows from a depreciation which began in 1934, but they were nevertheless impressed with the remarks which had been made in support of the plan and were prepared to accept the readjustment. He said that his delegation would have to examine the effects of the readjustment on their negotiations with Brazil but he was confident that a satisfactory arrangement could be reached.

Mr. URQUHART (Canada) said that he recognised that Brazil's tariff was not particularly high and that there was a good case for readjustment; it was true that the lists of

offers made by Brazil were qualified by a footnote but Document E/PC/T/151 provided the first indication that the proposed advance would be 40%; if a readjustment of this magnitude were to be made it would be necessary for the Canadian Delegation to reconsider and perhaps modify their list of requests.

Mr. REES (United Kingdom) said that he was not certain whether the Brazilian Delegate had given an answer to all of his questions. Whereupon Mr. PARANAGUA said that they could make no comment regarding the treatment of additional requests that might be submitted - it was a matter of negotiation. Referring to Mr. Rees's second question he said that the duties not negotiated would not be bound and they could be increased or even reduced; it was the spirit of the Charter that large increases should not be effected but future conditions could not be foreseen. Mr. RODRIGUES added a comment on Mr. Rees's third question to the effect that it had been decided to discontinue the discriminatory consumption tax; that an attempt is being made to abolish the 2% ad valorem tax; and that the general additional tax of 10% on the amount of duty was imposed primarily for revenue purposes.

The CHAIRMAN then spoke of the first question raised by the United Kingdom Delegate and expressed the opinion that all delegations would certainly have the right to make new and additional requests though of course the Brazilian delegation would be under no obligation to meet those requests.

Mr. PARANAGUA said that he could accept the ruling that other delegations be allowed to revise their requests to Brazil, but could not recognise the right of any delegation to receive concessions relating to such requests without compensation.

The CHAIRMAN then summed up the results of the discussion. He said that the delegates who had participated appeared to acknowledge the legitimate character of the action

proposed by the Brazilian Government but had reserved their right to modify the requests that had been made by their delegations for concessions in the Brazilian tariff and further the Brazilian Delegate had accepted this position subject to a qualification that no concession should be expected without compensation.

Mr. A. BRAGA (Brazil) said that this was an important decision for all delegations: it had increased the confidence of his delegation in the goodwill of the Conference which would ensure the success of the Charter and of the proposed Organization. Further he said that his Delegation would now be able to speed up its negotiations.

In reply the CHAIRMAN said that no decision and no resolution had been taken; the Committee had merely discussed the Brazilian Tariff as it had previously discussed the tariffs of France and of the Belgium-Luxembourg-Netherlands Union; members of the Committee had merely expressed their opinion.

Mr. R.L. FRESQUET (Cuba) said that he was pleased with the result of the discussion and that the Cuban Delegation might have a similar problem.

Mr. BROWN (United States of America) said it was not clear what was meant by the remark of the Cuban Delegate and he wondered whether Mr. Fresquet would care to elaborate.

Mr. FRESQUET (Cuba) said that in due time and in the proper manner all interested parties would learn of the problem to which he had referred and in order to avoid taking up more time he would not discuss it on this occasion.

The Meeting rose at 12.50 p.m.