

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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RECENT DEVELOPMENTS IN INTERNATIONAL TRADE AND
THEIR CONSEQUENCES FOR GATT, AND STATUS OF
IMPLEMENTATION OF THE 1982 MINISTERIAL WORK PROGRAM

Statement by the representative of Brazil
at the Council meeting on 17 July 1985
(Agenda item no. 2)

Brazil, as a contracting party and as a country with a key interest in a growing rôle in international trade, is of course firmly committed to the preservation of the General Agreement as the cornerstone of a multilateral trade system based on the MFN clause and on non-discrimination.

The preservation of the GATT and of the results obtained in trade liberalization in the area of goods in the last four decades through seven rounds of negotiations are for us a key point in our trade policy and naturally an important element in our exports-oriented development efforts.

We are of course gravely concerned with the growing erosion of GATT rules and the spread of protectionist measures not in conformity with GATT obligations and/or representing a distorted exercise or abuse of rights under the General Agreement.

The seriousness of the international trade situation and the rise in protectionism in the major developed countries, in spite of recovery of economic activity, led Brazil and 22 LDCs to present to the GATT Council in document L/5818 a proposal for a trade liberalization process through unilateral measures of standstill and rollback to be adopted by the major trading partners as well as through multilateral negotiations, under the GATT, restricted to trade in goods only, which is the acknowledged field of competence of this institution.

In our understanding, the consideration of such liberalization perspectives has to take place in the context of the Ministerial Declaration of 1982, through which the CONTRACTING PARTIES adopted a Work Program with priorities for the 1980s.

It is well known, the implementation of the GATT Work Program has been stalled by the introduction of the notion that a new round of negotiations broad enough to include trade in goods and the new question of services is the only way not only to assure progress for

liberalization in the area of goods but also to guarantee the survival of GATT itself, a survival, in other words, of the multilateral trade system based on the MFN rule.

Progress in the traditional area of trade in goods - the recognized area of competence of the General Agreement - is thus being blocked, creating serious problems for the whole of the membership of this institution but specially for heavily indebted contracting parties. My country for one finds itself in the extremely difficult circumstance of having to continuously generate a trade surplus of the magnitude of 40 per cent of its annual export revenues, solely to be in a position to meet the interest payments on its foreign debt.

This is the reason why, by the way, Brazil has been insisting on the need to establish a clear link between any possible trade negotiations on goods and the reform of the international monetary system, the collapse of which is one of the main causes for the serious balance of payments situation in Brazil as well as in other LDCs.

The idea of a new round put forward by developed countries has been rather vaguely expressed since more than one year. Only very recently however has the idea been brought to GATT bodies. Important submissions were circulated in the past few days which shed considerable light on the intentions of those who propose or actively support the idea of a new round. Many issues raised in the submissions are completely alien to the competence of the GATT.

The extent and breadth of these proposals make it very difficult to accept the notion that a high-level meeting should be convened by this Council to broaden the consensus on a new round and that discussions should be carried out on the basis of submissions on goods and on services.

The view of my Government is that the discussion of possible negotiations on goods is urgent and could be dealt with in the appropriate bodies of the GATT or even if necessary in ad hoc high-level meetings. What we cannot accept is the discussion of new issues such as services outside the specific confines adopted by the CONTRACTING PARTIES at Ministerial level in 1982 and reaffirmed by the CONTRACTING PARTIES in 1984.

Taking into account the views and interests of other governments, among which are very important trading partners, the Brazilian Government would of course be prepared to consider the activation of our deliberations on our accepted priorities for the 1980s - the Work Program of GATT. This, it goes without saying, would have to be with full respect for the integrity of the Ministerial mandate of 1982, in a spirit of true cooperation.

The basis for that is respect for each others positions and the common assumption that the GATT and the liberalization results achieved through seven rounds cannot be subject to threats as a condition for further progress in this institution.

On such a basis, I have the honour to introduce two draft decisions which, with your permission, I will read in extenso.¹ These two proposals must be considered together and seen as a serious contribution to unblock the impasse which has been artificially created by the introduction of issues which bear no relation to the true and permanent agenda of this institution.

¹The two draft decisions were subsequently circulated as C/W/479.