

# GENERAL AGREEMENT ON

RESTRICTED

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## TARIFFS AND TRADE

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UNITED STATES: IDENTIFICATION OF TRADE LIBERALIZATION PRIORITIES  
FOR BRAZIL UNDER SECTION 301 OF THE OMNIBUS TRADE  
AND COMPETITIVENESS ACT OF 1988

Communication from Brazil

The following communication dated 7 June 1989 has been received from the delegation of Brazil with the request that it be inscribed on the agenda of the next regular session of the Council of Representatives, to be held on 21-22 June 1989.

BRAZILIAN GOVERNMENT: STATEMENT, DATED 26 MAY 1989, ON THE  
IDENTIFICATION OF PRIORITY FOREIGN COUNTRIES AND PRIORITY PRACTICES  
BASED ON SECTION 301 OF THE US OMNIBUS TRADE AND  
COMPETITIVENESS ACT OF 1983

The Government of the United States of America published a list of commercial practices of third countries which it considers, according to its internal legislation, barriers to US exports. Among these practices, those termed "import restrictions" would refer to aspects of the Brazilian foreign trade policy. Brazil was further included in a list of countries which, on the understanding of the US Government, do not offer adequate intellectual property protection. With respect to this last point, the Brazilian Government wishes only to state that it faithfully complies with the legislation concerning intellectual property, as approved by the National Congress, and with all the existing international conventions on the matter of which Brazil is a party.

According to the US Government, the import restrictions hindered the access of US products into the Brazilian market. These restrictions would be: temporary suspension of import licences, quantitative restrictions and lack of transparency in the procedures for issuing import licences.

The Brazilian Government is concerned by this US Government action. Not only may it lead to the future imposition of unilateral trade restrictions on Brazilian exports, but it is also inappropriate in identifying and defining legal commercial practices as "barriers to trade".

Brazil has based its trade regulatory measures on international rules. The import control measures applied by the Brazilian Government have been necessary in order to correct imbalances in the Brazilian external accounts

and are fully justified under Article XVIII:b of the General Agreement on Tariffs and Trade (GATT). In November 1987, when the last full consultation with Brazil was held, the Committee on Balance-of-Payments Restrictions recognized that such measures were necessary in the efforts to adjust the Brazilian economy to an adverse financial and commercial environment. At that time, all the Brazilian trading partners, including the United States, acknowledged the legality and legitimacy of such measures.

The complaints that the United States of America has made against Brazil are all the more unwarranted if one notes that the participation of Brazil in the US global foreign trade deficit has been declining in recent years, falling from 4.4 per cent in 1983 to 4 per cent in 1988. Brazilian imports of US products, on the other hand, increased by more than 60% between 1983 and 1988, a rate that represents more than twice the global 23% increase in US exports in the same period. Brazil has therefore risen, between 1983 and 1988, from 21st to 17th place in the list of importers of US products.

The Brazilian Government has recently introduced important changes in its import régime, reducing the average tariff from 85% to 41%, as well as promoting a 50% reduction in the number of products subject to suspension of import licences, with a view to meeting the needs of the current stage of development of the Brazilian economy, bearing obvious positive consequences for international trade.

The Brazilian Government has been participating in the Uruguay Round with the firm objective of seeking universally acceptable solutions to the main issues that inhibit the expansion of international trade. The US action has serious negative effects on the efforts being undertaken in that round of multilateral trade negotiations. In threatening the entire Brazilian export sector, the US decision creates a climate of uncertainty which inhibits sales, leads to commercial losses and thus violates, in practice, the commitment undertaken by all participants not to introduce new commercial restrictions.

In attaching great importance to the strengthening of the multilateral trade institutions and of multilateral mechanisms for settling disputes with its commercial partners, Brazil reserves its rights under GATT to defend its legitimate economic and commercial interests.