

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

DS18/4

20 January 1993

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9 February 1993

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UNITED STATES - DENIAL OF MOST-FAVoured-NATION
TREATMENT AS TO NON-RUBBER FOOTWEAR FROM BRAZIL

Follow-up on the Panel report (DS18/R)

Communication from Brazil

The following communication, dated 15 January 1993, has been received from the Permanent Mission of Brazil with the request that the matter be inscribed on the Agenda of the Council meeting on 9 February.

As the Council is aware, the report by the Panel on US denial of MFN treatment as to non-rubber footwear from Brazil (DS18/R) was adopted at the Council meeting in June 1992. Brazil stated then that the mere adoption of the report was not enough and that the US must take the necessary steps to bring itself into compliance with the Panel's findings. Several other delegations supported this claim.

After the adoption of the report, Brazil has addressed this issue under "Other Business", recalling that the discrimination found by the Panel continues to hamper the trade of Brazil as each day passes and that the United States continues to demand that discriminatory duties be paid, along with interest also to be paid on these discriminatory duties. It is to be emphasized that the discrimination against Brazil is a continuing, on-going discrimination.

Brazil decided not to ask for the inclusion of a specific item about this matter in the agenda of the meetings following the June 1992 meeting because the delegation of the United States assured Brazil, and the Council, that it would continue to endeavour to obtain a mutually acceptable solution. It was for the same reason that the matter was not addressed by Brazil in the November meeting.

Lack of further information from the US prompted Brazil to raise the issue before the CONTRACTING PARTIES, during their December 1992 Session. Brazil stated, on that occasion, that, contrary to what had been reasonable to expect, there had been recent information of a harder stand on the part of the US authorities in the consultations conducted with the objective of reaching a mutually satisfactory solution. Brazil regretted this state of affairs. The US was found to be in violation of the most-favoured-nation

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treatment, prescribed in the first Article of the General Agreement, its cornerstone. It could not be accepted that a contracting party could be found to be in such a situation and at the same time do nothing about it. This would be highly destructive of the GATT system.

Brazil believes enough time was allowed for the US Government to take the necessary steps and wishes this item to be included in the agenda of next February's meeting.