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SPECIAL PROCEDURES FOR DEVELOPING COUNTRIES

Statement made by the Delegation of Brazil at the
Meeting of Group "Tariffs", March 1976

Before going into the question of special procedures, I wish to express our appreciation for the comprehensive proposal set forth yesterday by the United States delegation on a global tariff-cutting formula. This proposal will be carefully studied by my authorities, together with any others that might be submitted, and we shall present our comments on them at an appropriate time.

In this same proposal, we heard from the United States delegation some suggestions on the question of special procedures for negotiations between developed and developing countries, as well as on special or differentiated measures that might be applied in those negotiations. We heard proposals to the same effect from the European Communities, and statements on this question from the spokesman for the Nordic countries, Canada and Japan. And we have heard very valuable remarks by a number of developing countries. We are grateful for these initial reactions of developed countries to what we consider a central issue in this area of the Negotiations. We interpret this as a sign that this issue has been, and is being, given serious consideration by our developed trading partners, and that, generally, there is a positive will to arrive at an agreement on special procedures and measures not later than the time of the choice of a general tariff-cutting formula.

I therefore propose to comment on these proposals, and perhaps make some additional suggestions. My comments are intended as constructive criticism, inspired by the fact that we are just at the start of the road towards a tariff negotiation, and not at the end of it.

For the purpose of this exercise, I would like to distinguish between two aspects of the question before us: one, the substantive aspect, is that of the special and differentiated measures to be negotiated between developed and developing countries; the second aspect, is that of the special procedures which must be adopted in order to enable such negotiations to take place. It seems important to keep this distinction in mind.

Allow me to start with the substance of the matter: special and differentiated measures. Both the United States and the Communities have indicated to us certain measures they are prepared to consider. We welcome this, it represents an important starting point. The United States proposal covers possible limitation of exceptions, special staging of cuts, and deeper than formula cuts. It is our interpretation, and I stand to be corrected, that implicitly this approach would also admit the inclusion of a product on the exceptions list, and not just limitation of exceptions. These proposals are certainly constructive in character, and they cover certain special and differentiated measures which we envisaged for these Negotiations. They do not, of course, cover all: they stop short of any kind of differentiated measure that might imply preferential treatment to developing countries.

As you know, Brazil considers that negotiations between developed and developing countries on a preferential basis, in the tariff area, could represent one of the most significant break-throughs of the Multilateral Trade Negotiations. Here we have in mind the proposal that a developed and a developing country could negotiate a preferential tariff binding on a given, specific product. Please note that by this we are not suggesting that the Generalized System of Preferences as such should be bound. Similarly, in the case of staging of cuts, if such staging were implemented over a shorter time-frame for imports from developing countries, we would have an important contribution to the objectives of the Tokyo Declaration.

In the case of the United States, we are fully aware that the Trade Act gives no authority for preferential treatment outside the scope of the Generalized System of Preferences. Nevertheless, this is not the case, to our knowledge, of other participating developed countries. Neither have we heard, so far, any valid arguments as to why such countries cannot contemplate negotiating on such a basis. This is why we wish to maintain these proposals on the table, and we invite countries to respond to them specifically. If I may return to the special situation of the United States for one moment, it also seems to us that some accommodation would be possible with these proposals that I have just mentioned. For example, a deeper than formula cut, at least in cases where the tariff goes to zero, could be incorporated into the GSP. Similarly, in the case of staging a cut on an MFN basis, the final zero tariff could be incorporated immediately into the GSP. Perhaps some such arrangement would be feasible in cases of tariffs which do not go to zero. I leave that question to the United States delegation. Such action would come half-way to meet our expectations, although, as a matter of principle, we shall continue to defend the concept of preferential bindings.

Allow me to comment briefly on the Communities' proposals. As in the case of the United States, we welcome these proposals. As in the case of the United States they stop short of measures which would imply preferential treatment. In

essence, the EEC proposals seem to follow the United States suggestions, although the language used is different: deeper, or less-deep cuts, inclusion of products in exceptions lists to preserve the GSP, different staging of tariff cuts. The EEC adds two proposals: to improve the GSP, and to create new tariff subheadings. I am not very clear as to how the GSP will be improved while a global tariff-cutting formula is being put into practice - other than by excepting certain items from the formula - so I would appreciate some clarification on this point. As to new tariff subheadings, we support this wholeheartedly and welcome the proposal. As I stated earlier what we have not yet heard from the Communities, as well as from other developed countries, is why they feel that other special and differentiated measures, which imply preferential treatment, cannot be the object of negotiations. Or should we assume that they have not ruled out this possibility?

Now, may I turn to the question of procedure, the establishment of special procedures for negotiations between developed and developing countries. Here again we have heard suggestions from the United States and the EEC and reactions to them from other developed countries. The EEC proposal comes closer to what we have in mind on special procedures, in as far as it provides for an agreement on certain "principles" of special and differentiated treatment to be negotiated before the circulation of lists. We agree with other developed and developing countries that have indicated that such a list cannot be a statistical one, but must be a qualitative one. This is essential, for the negotiating exercise must take into account products of potential interest to developing countries. Furthermore, a negotiating judgement cannot rely on statistics alone.

The important issue at stake here is, however, the question of defining what we are going to build before gathering the bricks. And that means to reach an agreement on special and differentiated measures to be applied before exchanging lists of any sort. We find it hard to accept that products must be indicated before such measures can be agreed upon. If that were the case, why is it not necessary to indicate possible exceptions lists before a global formula can be agreed upon?

For this reason we would like to come back to the Brazilian proposal on special procedures, presented at the last meeting of this Group, and contained in paragraph 3 of document MTN/TAR/4. We feel that this proposal could represent an acceptable basis for an agreement on this question. We look forward to comments on it.