

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG4/W/6
15 July 1987

Special Distribution

Group of Negotiations on Goods (GATT)

Original: English

Negotiating Group on Textiles and Clothing

COMMUNICATION FROM BRAZIL

The following communication has been submitted by the delegation of Brazil with the request that it be circulated to the members of the Negotiating Group on Textiles and Clothing.

Statement by the Brazilian Delegation to the
Third Meeting of the Negotiating Group on Tariffs,
29-30 June 1987

It is widely recognized that earlier rounds of multilateral trade negotiations brought about a substantial reduction of tariff rates in products traded among developed contracting parties. The very low average level of tariff rates which resulted from this process benefit to a certain extent less developed contracting parties thanks to the application of the MFN clause of Article I of the General Agreement. But LDCs, having been left, for historical reasons, in the shadow, so to say, of this liberalization effort, are confronted with high tariff barriers in developed markets when it comes to exports of particular interest to them. In the same vein, goods processed from raw materials which are exported by LDCs at zero or very low rates still have their access denied or restricted by a very high degree of tariff protection.

The granting by developed contracting parties of preferential access to exports from LDCs on the basis of schemes of a non-contractual nature has not been sufficient to provide LDCs with a compensatory outlet. GSP national schemes have increasingly excluded products of direct interest to LDCs and are subject to special escape clauses which considerably reduce the benefit of the preferential treatment. It is also true to say that GSP schemes are administered arbitrarily, in a manner incompatible with the fundamental principles of generality of coverage, non-reciprocity and non-discrimination under which the granting of such schemes was authorized by the Contracting Parties.

In this connexion, the Brazilian delegation believes that only a general formula for tariff reduction by developed contracting parties can contribute to put less developed contracting parties in a position to overcome the variety of problems of access that they face in developed country markets and, at the same time, ensure the concrete application of the principle of differential and more favourable treatment as envisaged in the Punta del Este Declaration in a manner effectively beneficial to LDCs.

The general formula we envisage would consist essentially of the binding, at zero level, by developed countries, of all their tariffs on all products. This concession would be implemented forthwith, on a preferential basis, for the sole benefit of LDCs, during a period of say ten years time, after which the zero bound rate would automatically be extended to all other developed countries. LDCs would, in return, consider binding erga omnes their tariffs on a substantial number of products. They would also consider gradual implementation, after the end of the aforementioned preferential ten year period, of specific tariff reductions as bound concessions to developed countries, which might be agreed upon already during the Uruguay Round.

The feasibility of such a general formula would of course be greatly dependent on the successful early conclusion of an agreement on reinforced GATT disciplines on safeguards. This reasoning is of particular relevance for LDCs, which could only be effectively attracted to consider making a significant contribution to the liberalization process of trade in goods - such as through the binding of a substantial number of their tariff rates - in the context of strengthened rules to govern recourse to safeguards for protection of domestic producers confronted with external fair competition. The ideas we are now bringing for your consideration on the question of tariffs should thus be examined in conjunction with the working paper on safeguards circulated by the Brazilian delegation in the corresponding Negotiating Group (document MTN.GNG/NG9/W/3).

The general formula we have advanced is the reflection of our preliminary thinking on the subject of tariffs. We wanted to share it with participants in this Group because we believe it encompasses the elements of a possible broad understanding which could usefully deal with such questions as tariff peaks, tariff escalation and higher tariff rates on products of particular interest to LDCs, providing at the same time for a greater and quicker integration of LDCs in the multilateral trading system governed by GATT, through special techniques of preferential treatment and differed implementation of concessions. We would be prepared, in the light of reactions we expect to hear from you all, to refine our ideas and submit at a later stage, on our own responsibility or in association with others, a structured proposal for the consideration of this Group. The Brazilian delegation is evidently aware that a general formula of the type we would like to explore with you here affects negotiations in other groups of the Uruguay Round. We would consequently be ready to bring these ideas to the attention of each of the negotiating groups dealing, primarily or simultaneously, with problems of access, not excluding the one on safeguards. For that purpose, we would request that the present statement be circulated among participants of the Round as an official document.