

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.SB/SN/17
15 September 1988
Special Distribution

Surveillance Body

Original: English

STANDSTILL

Notification

1. <u>Participant notifying:</u> Brazil
2. <u>Participant maintaining the measure:</u> United States
3. <u>Description of the measure</u> (including date of entry into force and reference to any relevant legislation or other document): On 22 July 1988, the Government of the United States of America announced its intention to impose trade-restrictive measures against selected Brazilian goods representing around US\$ 270 million worth of exports. These measures would virtually exclude Brazilian suppliers of those items from the US market.
4. <u>Products covered, including tariff headings</u> (CCCN where applicable, otherwise national tariff lines): Selected Brazilian goods representing around US\$ 270 million worth of exports.
5. <u>Country or countries to which the measure applies:</u> Brazil
6. <u>Relevance of the measure to the standstill commitment:</u> The United States Government's action constitutes a blatant infringement of GATT rules. The mere announcement of such action, made on the basis of Section 301 of the US Trade Act, causes serious damage to Brazilian exports. Therefore, it goes clearly against the commitment undertaken by Ministers at Punta del Este "not to take any trade-restrictive or distorting measure inconsistent with the provisions of the General Agreement".

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The publication of the list of items with restrictions that might be imposed represents a trade-inhibiting and disrupting factor, in violation of the standstill commitment.

In this regard, it is relevant to quote a statement by a high US Commerce Department official at a conference in Rio de Janeiro on 27 July 1988: "Section 301 has achieved several successes in prying open markets for US exports...this has enhanced its credibility. Just the threat of using it has proved effective in certain cases".

The announced commercial action by the United States attempts to coerce Brazil to change its legislation on intellectual property rights. However, the Brazilian legislation is perfectly consistent with the relevant international conventions. The US action, furthermore, is an attempt to improve the US negotiating position in the Uruguay Round.

The Brazilian Government therefore is requesting consultations with the United States Government under Article XXIII:1 and it reserves its rights to resort to the appropriate mechanism of the Surveillance Body in order to protect its legitimate rights and interests.

7. Comments by the participant maintaining the measure: