

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

CG.18/W/12/Add.1  
17 June 1976

Special Distribution

---

Consultative Group of Eighteen  
Third Meeting  
22-23 June 1976

Original: English

MEMORANDUM FROM THE BRAZILIAN DELEGATION  
ON THE IMPROVEMENT OF THE INTERNATIONAL  
FRAMEWORK FOR TRADE

Addendum

The attached communication from the Brazilian delegation is an addendum to the memorandum circulated in CG.18/W/12 as a contribution to the discussion under Item 2(a) of the Provisional Annotated Agenda for the third meeting of the Group to be held on 22-23 June 1976.

GATT "Framework Group"

PRELIMINARY SUGGESTIONS ON THE PROGRAMME OF WORK

1. On 16 March 1976, the Brazilian delegation circulated informally a Memorandum on the proposed establishment of a "Framework Group" under the TNC, "to improve the international framework for the conduct of world trade, particularly with respect to trade between developed and developing countries and differentiated and more favourable measures to be adopted in such trade". In the Memorandum, the Brazilian Government presented its views on the objectives, method and schedule of work for the proposed Group.
  
2. It should be recalled that, in the Memorandum, Brazil suggested that the Group pursue the following objectives:
  - (a) to carry out a review of GATT rules in order to identify shortcomings in such rules, particularly as they apply to trade between developed and developing countries;
  
  - (b) to reach agreement on new and improved rules for the GATT with the objective, inter alia, of consolidating, where appropriate and feasible, differentiated and more favourable provisions designed to improve trade between developed and developing countries;
  
  - (c) to harmonize, consolidate or put into the appropriate legal framework agreements reached in other groups of the TNC which are relevant to the Group's work.

3. It was equally stressed that, in carrying out its work, the Group should not:

- (a) interfere with work under way in other groups of the TNC, such as negotiations on subsidies and countervailing duties, and on safeguards;
- (b) seek to reopen issues or renegotiate agreements which have been settled in other groups. It should, however, be open to the TNC to bring to the attention of the Group any issue directly relevant to its task, if the TNC considers this would facilitate progress in the negotiations.

4. The Brazilian Government is of the opinion that the "Framework Group", once established, should prepare its own programme of work. Under item (a) of its objectives, as stated in paragraph 2 above, the Group should carry out an initial examination of existing GATT rules, including Part IV. The Group could decide to undertake this work in the light of certain major areas of priority concern to developing countries. Such areas could include the following:

(1) The MFN clause

The Group could examine the need for possible exceptions to the MFN clause in trade between developed and developing countries, such as the possibility of negotiating a preferential tariff binding on specific products. Similarly, it could examine the desirability of including in the GATT a general rule, or rules, on the application of differentiated and more favourable treatment to developing countries where feasible and appropriate.

(2) Safeguard action

With the exclusion of GATT norms which are under the purview of other groups of the TNC, the Group could examine the applicability of certain safeguard clauses to trade between developed and developing countries. Action for balance-of-payments purposes (Article XII), as well as related action under Articles XI, XIII and XVIII could be initially reviewed.

(3) Consultation and dispute settlement procedures

Procedures such as those under Articles XXII and XXIII could be reviewed, in the light of trade between developed and developing countries, or as a whole.

(4) The principle of reciprocity

The principle of reciprocity, or non-reciprocity, as contained in Article XXVI:8 could be examined. Similarly, the effective applicability of this principle to action under related clauses, such as Articles XXIV, XXVIII and XXVIII (bis) could be reviewed.

5. The four general areas listed above are intended as preliminary suggestions, and should not exclude other areas or specific issues that might be examined under item (a) of the Group's objectives. It should be stressed that the examination of these issues and others, at this initial stage of the Group's work, would be without prejudice to the positions of governments on the questions involved.

6. At a second stage of the Group's work, under item (b) of its objectives, the Group could receive for preliminary consideration and, as appropriate, for negotiation, specific proposals for improvement or modification of GATT norms which have been examined in the earlier stage of its work.

7. Work to be carried out under item (c) of the objectives, if any, should only be examined at a later stage of the negotiations, in the light of progress achieved in other areas.