Consultative Group of Eighteen
Third Meeting
22-23 June 1976

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

The attached memorandum from the Brazilian delegation is being circulated to the Group in accordance with paragraph 27 of CG.18/2 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.
1. In the December 1975 meeting of the Trade Negotiations Committee, the Brazilian delegation proposed the establishment of a new 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". The purpose of the Brazilian proposal is to give full opportunity for a broad and open-minded examination of GATT rules, and for the adoption of reforms to such rules as may be necessary. Such a reform should lead to a substantial improvement in the international framework for the conduct of world trade, in conformity with paragraphs 2, 5 and 9 of the Tokyo Declaration, with a view, inter alia, to consolidating differentiated and more favourable measures in favour of developing countries.

2. Following are the views of the Brazilian Government on the objectives, method and schedule of work for the proposed group.

Objectives

3. The objectives of the group would be:

   (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.

Method of work

4. The group should examine the GATT and related instruments with a view to:

   (a) identifying rules of GATT which call for reform;

   (b) proceeding to the negotiation of proposals for reform of GATT rules on substantive issues which are not under the purview of other groups of the TNC;

   (c) receiving from other groups agreed rules for incorporation in a final package for GATT reform.
5. It is expected that the group's work would result in new or amended provisions to the General Agreement and related instruments or interpretations thereof. These are not mutually exclusive alternatives.

6. In the light of the method of work stated above, 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.

7. In carrying out its work the group should be assisted by the secretariat.

8. It should 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.

Schedule of work

9. The group, once established, should agree to its own programme of work in close co-ordination with other groups of the TNC. The carrying out of such a programme of work would require close and continuous co-ordination between the proposed group and other groups of the TNC. It is recognized that a part of the group's work would depend on progress in other areas of the MTN. Nevertheless, due to the scope of the group, which covers areas not under consideration by other groups, and to the importance of its task, it is desirable to establish the group as early as possible in 1976, to enable it to conclude its work within the time frame of the MTN.

MTN framework

10. The MTN provide the necessary political and legal framework for this undertaking, which clearly lies within the basic objectives which participating countries set for themselves in paragraphs 2, 5 and 9 of the Tokyo Declaration.

11. The participation of non-contracting parties in the negotiation of new rules is desirable, and allowed for in the Tokyo Declaration. As with all legal aspects of the MTN, any legal issue arising from the group's work, including the participation of non-contracting parties, will be taken up by the contracting parties to GATT, at an appropriate time.