Remarks made in Plenary Session by Ambassador J.A. Barboza-Carneiro, Chief of the Delegation of Brazil, on the subject of the Disposal of Surpluses

The following text has been released to the Press at the request of the Brazilian delegation:

The very important question raised by Australia undoubtedly causes serious reflections. May I therefore submit some remarks which appear to me essential, if our viewpoint on this problem is to be clearly understood.

Although the Brazilian delegation has not as a rule been called upon to take part within working parties in the study of certain essential questions which have a direct bearing on the application of the General Agreement, it has however concentrated attention on the overall situation and policy followed by the Organization in connexion with the interests submitted for its consideration.

Once more we should like to express our views frankly in saying that it is only by viewing the application of the provisions of the Agreement as a whole that an actual assessment can be made of its results and therefore of its value.

In our view, surpluses constitute only one aspect of the complex problem of commodity trade. The best solution to the problem raised by the existence of these surpluses has not yet been discovered, but multilateral action and the institution of a system of consultations should constitute a first stop. Obviously such a procedure as this should not be binding on the governments concerned. The plan adopted should be considered as a determining factor in the final decision by governments, and only inability to reach a common and equitable solution should justify a return to unilateral methods which are undoubtedly regrettable and injurious to the normal trade of the various countries.

I should like to recall that my government has invariably supported international efforts in mobilizing resources and means of action available to the various governments to meet the problems which are an aftermath of war, amongst which those related to international trade are undoubtedly of cardinal importance. It should be noted that the question of international trade is a whole, and that isolated and partial consideration of any of its
particular aspects can never give full satisfaction to the interested parties. We consider this problem as a whole, and similar to international security, we feel it is indivisible. To split it up and consider separately its different aspects would be to follow an unrealistic and unsatisfactory course.

Complete abandonment of bilateral policy in favour of a multilateral policy, requires sacrificing freedom of action and the general advantage would seem to justify such a course. The opposite of independence is dependence - not interdependence. We have conceived the GATT as a treaty which in theory and practice would discipline these interdependent forces. It is to be regretted that reality has proved quite different: the instrument adopted has in practice not reflected the theory. For the past seven years and more of its existence, each day has witnessed exceptions taking the place of rules. The empiricism of the present GATT and its casuistical interpretation have completely distorted the original beauty of its form. The Brazilian delegation questions whether it is advisable to continue along these lines.

May I dwell for a moment on a study of the ideal GATT vis-à-vis the actual GATT, by confronting the youthful Dorian Gray by his portrait. Although the purpose of GATT was to liberalize international trade, we note that, taken as a whole, calculation of the quantum of international trade covered by the preferential régime and by waivers granted to industrialised countries, proves that close on 80 per cent of international trade is carried out contrary to the most important principles of our Agreement, and are therefore upheld by discriminatory rules granted for the sole purpose of protecting markets, that is to say, outlets for industrial production.

We feel this situation is unjustifiable and that the very bases of the Agreement are directly jeopardized. If this procedure is continued, the Agreement will no longer be anything but a façade providing a trap for the unwary, which would prove injurious to the interests of the economies of weaker countries in process of development.

It is no doubt regrettable to have to note that the negative aspects of the Agreement are not confined to those I have just mentioned. As we are presently noting, the study of the question of surpluses remains outside our Agreement, and all the efforts undertaken hitherto to convince us of the need for common action have produced no concrete results.

Brazil, which supported the Agreement, thus acting according to the general lines which have always guided its international policy, considers that more than ever intergovernmental co-operation is necessary. Failing this, it would be impossible to face such problems of international trade as surpluses with any hope of success. My delegation is therefore of the view that it is the duty of us all to consider the realities we have just mentioned, since, in theory, the General Agreement may serve as a basis for that multilateral action, provided that, in practice, theory is not completely transformed by what amounts to a sleight-of-hand aimed at conciliating formal approval of the Agreement with the most typical discrimination.
It is to be regretted that the words "international collaboration" have hitherto been interpreted within the GATT only as a one-way street. Although on the one hand waivers and preferences have effectively played their intended part, and the markets in under-developed countries for products from the great industrialized countries have been protected, the same cannot be said for trade in primary commodities which has not received identical treatment by the Organization.

Must benefit under the agreement extend only to trade in manufactured goods? and do the large industrialized countries consider that commodity trade presents no problems?

The reply to these questions is clearly seen in the problem of surpluses presently before the Contracting Parties.

May I mention a few significant facts: one contracting party presented a draft agreement on primary commodities, while simultaneously refusing to participate in the Wheat Agreement of 1953, and another contracting party refused its support for the former draft agreement, while participating in the Wheat Agreement. Moreover, the contracting party which wished to submit primary commodities to international regulation, participated in the Tin Agreement both as a consumer and a producer, while another contracting party having bilateral obligations in relation to tin, opposed a multilateral solution supported by other contracting parties.

We recognize that the peculiarities of the problems connected with commodity trade make it difficult to discover a general and acceptable solution for all. However, this should not prevent an appeal for collaboration. We feel it would be possible to find collective solutions which would be able to protect that trade against the consequences of the uncontrollable whims of nature.

It is true that the item on the agenda directly following this debate on surpluses is precisely that of commodity trade. The work of a special committee concluded by the adoption of certain proposals for the regulation of that question by multilateral action and intergovernmental co-operation. We shall therefore have to take a decision soon on this point.

This being established, I wonder what recommendations we could submit to our respective governments other than the more facts I have just summarized. Is it encouraging for those who have undertaken to support the GATT to note that its principles serve barely as a theoretical basis, and that in practice, a herd of exceptions has been introduced, as the delegate for Australia so aptly remarked?

What is the GATT? The Agreement or practice? I should not wish to reply to that question to reveal pessimism in regard to the future of our Organization.
The facts and the situation, as demonstrated by our Australian colleague, prove in our view the urgent need for a general revision of the rules hitherto followed, by which the agreement is bereft of its functions of guiding governments towards a solution more in keeping with the spirit of co-operation and solidarity which inspired us in other greater and more serious contingencies - I refer to the firm decision to defend the principles which are the very doctrine of western civilization.

A revised agreement has accordingly now been submitted to most parliaments with a view to ratifying the amendments introduced into it at the last session. The lawmakers will no doubt base their study on the letter of the text before them, which would enable their country to take part in the measures for regulating international trade. The existence of the GATT and the pursuance of these efforts would seem to depend upon the outcome of these ratifications. The Brazilian delegation considers, however, that these international undertakings would have no significance and could not be maintained if the realities of the application of the agreement turned out to be merely generalized exceptions.

Apart from the problem of surpluses, we feel there is another aspect which, by limiting the work of application of the agreement, would reinforce the feeling that international co-operation should apply only to clearly defined spheres. This would lead the CONTRACTING PARTIES to query whether the title of our "General Agreement on Tariffs and Trade" and still more the title of the new "Organization on Trade Co-operation" were justifiable.

For example, the deliberate exclusion from our discussions of problems linked to freight policy and the distribution of marine cargo space in the transport of international trade is, in our view, a regrettable and unrealistic attitude, if we consider as a starting point that the aim of our Organization is to settle questions of trade in general through collaboration. If we mention this question, it is because it has a direct bearing on trading in certain primary commodities. It is important for Brazil. Maritime freight represents over 25 per cent of the figure for balance of payments. If examined technically and in the light of the practice adopted by the largest maritime powers, these measures are distinctly discriminatory, to the point of having a direct impact on the international price of certain very important primary commodities. Therefore, if we wish to prove our sincere intention of acting within the sphere covered by the title we have ourselves chosen for our Organization, I feel we should examine and try to overcome all international action running counter to the expansion of trade in goods and the principles of our Agreement. The formula c.i.f. contains three elements: The first two - costs and insurance - come under the agreement; the last one - freight - is not subject to the latter. Why could it not be a subject of our discussions around this table?

We hope that those who are sincere supporters of the GATT and share the view that international co-operation is indispensable, will give proof of realism which is so necessary at this critical time, by agreeing that the procedure at present applied in which discrimination often occurs must be
discontinued. Further, this great edifice constituted by the beneficent principles of GATT might also contain provisions for the regulation of international commodity trade.

In conclusion, while supporting, in principle, the proposal by Australia, we reserve our position, when more detailed consideration of the points raised by the delegations which had taken part in discussing this most important item on the agenda will take place.

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