Mr. Chairman,

If someone were to attempt to describe the mechanism of GATT negotiations in a single word, he would say: reciprocity. The concept of reciprocity lies behind the entire operation of GATT, from the granting of mutually advantageous concessions to compensatory and retaliatory action. And in a pragmatic manner, GATT has fostered a considerable evolution in the concept of reciprocal treatment, according to the changing trade relations of its partners.

Thus, we have observed, over the years, an evolution from the purely mechanical concept of strict reciprocity, as envisaged in product-by-product negotiations, to the more flexible and sophisticated concept of overall reciprocity as applied in the Kennedy Round. And in 1964, in acknowledgment of the need to dispense differentiated treatment to trading partners of unequal strength, we finally observed the introduction of the concept of relative reciprocity in favour of developing countries. We now stand before what might be the most ambitious trade negotiations of history. It therefore seems to be the right time to dedicate some very serious thought to the application of this concept of relative reciprocity to the intricate process of the future negotiations, so as to ensure that developing countries receive adequate consideration of their most urgent trade and development needs. We will try to do this, Mr. Chairman, in a highly pragmatic way. Our position of principle in relation to this question, and that of developing countries as a whole, is very well known. We stand by this position. However, it seems to us that the time has come to discuss, not the principles involved, but the practical steps that might be taken to attempt to meet these principles as far as possible.

At its twenty-eighth session, the CONTRACTING PARTIES arrived at what appears to us a very important statement on the objectives for developing countries in the forthcoming Trade Negotiations. It was then established that these Negotiations should afford "additional benefits" to developing countries. There is, in the view of the Brazilian delegation, an important, if not crucial, link between the concepts of relative reciprocity and of "additional benefits", in so far as the latter cannot be achieved without the proper application of the former. The question therefore is how to translate the rather loose concept of relative reciprocity into practical measures that could enable developing countries, in the course of the Trade Negotiations, to achieve "additional benefits".
It should be important to notice one fundamental axiom in this approach: the essential question is to ensure "additional benefits" for developing countries, and not to ensure an "adequate contribution" on their part. In other words, if there are additional benefits, then developing countries will lend their contribution, and not the reverse order. We are entitled to know what we are going to receive, before deciding what we might give in return.

The ideas that we shall put forward, Sir, as to try to translate relative reciprocity into practical negotiating measures, are tentative. They are not formal proposals. We wish to share them with other delegations in this room, and know the reactions to them.

It seems to the Brazilian delegation that the concept of relative reciprocity can be applied effectively in the determination of measures related to three basic questions: (1) to the nature of concessions to be granted by developed countries to developing countries; (2) to the nature of the negotiating procedures between developed and developing countries; and (3) to the nature of the contribution eventually to be offered by developing countries.

Firstly, as to the nature of concessions by developed countries. The Brazilian delegation believes that concessions offered to developing countries in these Trade Negotiations should have what we might describe as a "built-in" relative reciprocity. This simply means that developing countries should receive differentiated treatment in the facilities that are offered to their trade. The very idea of relative reciprocity implies this; Part IV of GATT was drafted to accommodate this; and now we believe the time has come to attempt to apply this concretely to measures in the trade field. The General System of Preferences is the first such measure to have emerged, and despite its shortcomings, represents a historic breakthrough in trade policy. In these Negotiations we should try to move boldly on to other measures of the same nature.

This means that developed countries should contemplate the possibility of offering developing countries certain special concessions. In very general terms, I would put forward the following examples: the binding of preferential margins in tariffs; the extension of preferential treatment to the non-tariff barrier area; the inclusion of specific clauses referring to the special interests of developing countries in what might be called the normative area of the Negotiations (safeguard clauses, codes of conduct, and other specific trade norms to be reviewed or established in the course of the Negotiations). These are only some examples. Other less new measures can also be recalled, such as advance cuts on tariffs for developing countries, and the creation of tariff-free quotas. Also, products which are manifestly of great export interest to developing countries should be allowed special consideration, and not lost from view in the toss and
tumble of the Negotiations. These various kinds of differentiated treatment are indispensable to ensure additional benefits for developing countries and could, in our view, justify a contribution on their part.

Allow me now to come to the second question, the nature of negotiating procedures. Here too, it seems that the concept of relative reciprocity could be applied to the very process of negotiations between developed and developing countries, in order to help secure "additional benefits" for the latter. The traditional GATT system of negotiations between a country and the principal suppliers of a given product does not take into account the particular situation of developing countries, who are only principal suppliers of a handful of well-known products, and who, precisely, are trying to diversify their exports in order to spur their economic growth.

We could therefore also look for some innovating initiatives in this area, which would give developing countries a better chance to make their case, and to seek specific concessions of interest to them. One idea, which has already been raised, and which seems very positive to our delegation, is of allowing a group of developing countries to negotiate as a single partner, on a given product of export interest to them. We could assume that if the total value of their combined exports is high enough, they could take the chair of the principal supplier, next to the trading partner that individually is in fact so. However, this idea alone does not seem to be enough. Developing countries may be concerned about future trade in products for which they are only potential suppliers at the present moment, products which they have only begun to export, say, under the GSP, and for which they have future investment plans with a view to expanding production and exports. If a developing country declares such an interest, it should be enabled to follow negotiations on the item if it so desires, in order to express its particular case. Even if an across the board tariff cut is envisaged, such a mechanism could apply to discussions on possible exceptions and other related issues. Perhaps in the course of future discussions on this question other suggestions of this nature could be forwarded.

I stated previously that the concept of relative reciprocity would need to be translated into certain forms of special concessions or negotiating techniques in order to afford additional benefits to developing countries. For this reason I have just made certain concrete suggestions relating to the nature of concessions that could be offered by developed countries and to procedures for negotiations. Before coming to the question of possible contributions by developing countries, it must be clearly understood that no developing country can commit itself, even to contribute to the negotiations, before it has a clear notion of the additional benefits that would accrue from the Negotiations.
Furthermore, certain qualifying remarks are in order. First, it is clear
that it will be up to each individual country to decide, in its sovereign right,
the nature and the scope of the contribution it is willing to offer, and it will
only take such a decision after it has known the concrete offers it may receive.
And in order to feel assured of such benefits, the developing country, as the
naturally weaker partner in the negotiations, must have some basic norms to fall
back on in order to preserve or defend its interests. So what I am about to say
on possible contributions must be taken as merely indicative, and will rely, in
a large measure, on the assumption that developed countries would endorse sugges-
tions similar to those which I have just outlined above. In the second place,
in attempting to evaluate the contribution of a developing country, its stage of
economic development will have to be taken into account. And, in specific in-
stances, consideration might also be given to the volume of trade of a developed
country in judging the "additional benefits" which such country is expected to
provide to its developing partners. A third qualification relates directly to
the very nature of concessions that may be offered to a developing country. If,
say, bindings of non-discriminatory preferential margins are offered, the deve-
loping country might be interested in making a higher counterpart contribution.

With all this in mind, I will attempt to forward some ideas on the possible
nature of contributions by developing countries. I would first like to make some
remarks on what developing countries should not be expected to do. Developing
countries should not, in accordance with the very principles of Part IV, be
expected to make any contributions which would be contrary to their trade and
development needs. As a corollary to this, the implicit, or "built in" reciprocity
automatically offered by a developing country which participates in the Negotiations
should be fully taken into account. By this I mean that the generation of further
imports through the expansion of a developing country's exports should be considered
as an integral part of its contribution. It is well known that the extra foreign
currency assets which a developing country earns from its exports is usually applied
to purchasing additional equipment and machinery abroad for the purposes of
industrialization and accelerated development.

I believe that Brazil is a good example of this. Over the past 4 years Brazil
has succeeded, through its National Development Plan, to almost double its exports,
reaching nearly $4 billion in 1972. During that same period, we also, as a natural
corollary, practically doubled our imports, to slightly over $4 billion. This is
undoubtedly an important contribution to the overall expansion of world trade, and
we firmly believe that it must be taken into account, and we must receive due
credit for it in the Negotiations.
Similarly, we feel that trade policy measures which developing countries have taken in the past, in an effort to abide by the rules of GATT, must also be computed as part of their contribution.

Up to this point, I have referred to what should and should not be taken into account in the eventual contribution of developing countries. As to the specific nature of such contributions, I have pointed out that it can vary widely, in relation to different factors, including the very nature of the additional benefits offered to a developing country, and that ultimately, as in any negotiation, it will be up to each country individually to assess what it has received and to decide about its contribution. If I may, I would now comment on some ideas about the possible nature of contributions, based on remarks made by other delegations on this subject, in previous GATT meetings.

It seems to us that the contribution of a developing country may very well be of a global nature. That is, if a developing country does not feel that it is in a position to make specific tariff concessions, for example, its contribution might come through adherence to codes of conduct or new norms to be established in the international trade field. Such a country should be enabled, in that case, to participate fully in the negotiations and preparations of such codes of conduct or norms, and its particular interests taken fully into account.

In the case of specific contributions, such as tariff concessions, certain special measures could also be contemplated. One could, for example, conceive of deferred concessions. This is conceptually the reverse of the idea of advance tariff cuts in favour of less-developed countries. It would mean that a developing country would commit itself to make a certain concession, but it would only enter into effect at the end of a period of, let us say, ten years. If, at the end of that period, the developing country decided that it would not be in its development interests to implement this concession, the developed country would be allowed to withdraw the concessions it had offered in exchange, if it considered this necessary.

As I stated earlier, we have thrown some ideas into the air, hoping that they might prove useful in starting an objective discussion on how to turn the principle of reciprocity into an effective instrument in assuring developing countries of the "additional benefits" which they expect from those negotiations. We do not wish to prejudge the outcome of this discussion, so we have taken no firm positions. We now look forward to listening to comments from other delegations.

I do, however, wish to stress one final point. This entire exercise on the question of reciprocity, which we hope will be a fruitful one, will be deprived of any meaning whatsoever if one basic issue is not clarified. That issue is the
imperative need to give fullest attention, within the framework of the future Trade Negotiations, to the products and barriers of major importance to the trade of developing countries. If this rather modest request for a certain degree of priority cannot be met, then any further discussion on reciprocity or other related questions will become merely academic. The definition of global objectives for the Negotiations, which we shall undertake in the Preparatory Committee, can only be meaningful to developing countries if we have made sufficient progress on concrete issues, such as the ones I have brought up in the present statement, and which can lead to the kind of priority treatment I have just mentioned.

Our delegation has presented suggestions in a pragmatic, but highly optimistic spirit, spurred by the hope that the necessary progress will be achieved on these concrete issues, paving the way for satisfactory conclusions on the basic questions that lie ahead, including the global objectives for the Negotiations.

Thank you, Mr. Chairman.