It is widely recognized that earlier rounds of multilateral trade negotiations brought about a substantial reduction of tariff rates in products traded among developed contracting parties. The very low average level of tariff rates which resulted from this process benefit to a certain extent less developed contracting parties thanks to the application of the MFN clause of Article I of the General Agreement. But less developed countries, having been left, for historical reasons, in the shadow, so to say, of this liberalization effort, are confronted with high tariff barriers in developed markets when it comes to exports of particular interest to them. In the same vein, goods processed from raw materials which are exported by less developed countries at zero on very low rates still have their access denied or restricted by a very high degree of tariff protection.

The granting by developed contracting parties of preferential access to exports from developing countries on the basis of schemes of a non-contractual nature has not been sufficient to provide developing countries with a compensatory outlet.

General system of preferences national schemes have increasingly excluded products of direct interest to developing countries and are subject to special escape clauses which considerably reduce the benefit of the preferential treatment. It is also true to say that GSP schemes are administered arbitrarily, in a manner incompatible with the fundamental principles of generality of coverage, non-reciprocity and non-discrimination under which the granting of such schemes was authorized by the CONTRACTING PARTIES.
In this connection, the Brazilian delegation believes that only a
general formula for tariff reduction by developed contracting parties can
contribute to put less developed contracting parties in a position to
overcome the variety of problems of access that they face in developed
country markets and, at the same time, ensure the concrete application of
the principle of differential and more favourable treatment as envisaged in
the Punta del Este Declaration in a manner effectively beneficial to
less developed countries.

The general formula we envisage would consist essentially of the
binding, at zero level, by developed countries, of all their tariffs on all
products. This concession would be implemented forthwith, on a
preferential basis, for the sole benefit of developing countries, during a
period of say ten years time, after which the zero bound rate would
automatically be extended to all other developed countries. Developing
countries would, in return, consider binding erga omnes their tariffs on a
substantial number of products. They would also consider gradual
implementation, after the end of the aforementioned preferential ten year
period, of specific tariff reductions as bound concessions to developed
countries, which might be agreed upon already during the Uruguay Round.

The feasibility of such a general formula would of course be greatly
dependent on the successful early conclusion of an agreement on reinforced
GATT disciplines on safeguards. This reasoning is of particular relevance
for developing countries, which could only be effectively attracted to
consider making a significant contribution to the liberalization process of
trade in goods - such as through the binding of a substantial number of
their tariff rates - in the context of strengthened rules to govern
recourse to safeguards for protection of domestic producers confronted with
external fair competition. The ideas we are now bringing for your
consideration on the question of tariffs should thus be examined in
conjunction with the working paper on safeguards circulated by the
Brazilian delegation in the corresponding Negotiating Group (document
MTN.GNG/NC9/W/3).

The general formula we have advanced is the reflection of our
preliminary thinking on the subject of tariffs. We wanted to share it with
participants in this Group because we believe it encompasses the elements
of a possible broad understanding which could usefully deal with such
questions as tariff peaks, tariff escalation and higher tariff rates on
products of particular interest to developing countries, providing at the
same time for a greater and quicker integration of developing countries in
the multilateral trading system governed by GATT, through special
techniques of preferential treatment and differed implementation of
concessions. We would be prepared, in the light of reactions we expect to
hear from you all, to refine our ideas and submit at a later stage, on our
own responsibility or in association with others, a structured proposal for
the consideration of this Group. The Brazilian delegation is evidently
aware that a general formula of the type we would like to explore with you
here affects negotiations in other groups of the Uruguay Round. We would
consequently be ready to bring these ideas to the attention of each of the
negotiating groups dealing, primarily or simultaneously, with problems of
access, not excluding the one on safeguards. For that purpose, we would
request that the present statement be circulated among participants of the
Round as an official document.

Let me finish by indicating that we are considering as regards
quantitative restrictions the submission at a later stage in the Non-Tariff
Measures Negotiating Group of an approach similar to the one we have
outlined for the negotiations on tariffs.