

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## RECOURSE TO ARTICLE XXIII BY URUGUAY

Communication, Dated 26 February, from the Uruguayan Delegation

(Ref: Item 8 on the Council Agenda)

1. "I wish to refer to the question raised by the delegation of Uruguay at the nineteenth session of the CONTRACTING PARTIES, in regard to the utilization of Article XXIII of the General Agreement.
2. "The pertinent documentation includes:
  - Statements by the Uruguayan delegation (L/1572, L/1647 and L/1679)
  - Chart of import restrictions which have an effect on Uruguayan exports (L/1662)
  - Dates on which the consultations with various countries took place (L/1712)
  - Summary record (SR.19/11)
3. "As noted in the last-mentioned document, the CONTRACTING PARTIES agreed that authority be delegated to the Council to act on their behalf in accordance with paragraph 2 of Article XXIII on any case of nullification or impairment which Uruguay might refer to the Council.
4. "It should be kept in mind that Uruguay's foreign trade has been suffering for some time the adverse effects of the various obstacles which hinder the marketing of its main products abroad.
5. "The chart contained in document L/1662 covers restrictions applicable to thirty products, equivalent to 97 per cent of Uruguayan exports, in twenty countries which represent nearly all of Uruguay's export trade to countries linked to GATT, and which constitute 87 per cent of my country's total export markets.
6. "The seriousness of the situation thus created for the Uruguayan economy is reflected in the fact that in the period 1953-1961, Uruguay's trade balance shows a deficit of 350 million dollars in round figures, of which 250 million dollars correspond to the last three years.

7. "In the light of the high degree of dependence of the Uruguayan economy on export trade - due to its structure and to the incidence of foreign trade on the national income - the full significance of these figures can be gauged if the findings made and agreed during the recent ministerial meeting to the effect that in practice there is a weakening in the application of GATT rules to trade in agricultural products, are taken into account.
8. "These findings lead to the conclusion that in the case of countries such as Uruguay which are dependent to a very high degree on the sale of agricultural products, there quite possibly exists an imbalance between the obligations and advantages arising from their membership of the General Agreement and, insofar as this is found to be in fact the case, a need to re-establish by adequate means a fair relationship between such obligations and advantages.
9. "In this connexion - as the CONTRACTING PARTIES were advised at the nineteenth session - the Uruguayan delegation initiated and carried out the consultations foreseen in Article XXIII(1) with the countries which are indicated below, ending early in December 1961. Furthermore, on 11 and 13 December last, the delegation of Uruguay addressed a new communication to each of the interested governments, reiterating the representations already made to the effect that consideration should be given to the convenience of abolishing the restrictions since it is considered that they have the effect of limiting Uruguay's commercial possibilities in the respective markets. It was also stated that the Uruguayan delegation would take part with pleasure in any additional consultation or conversation which were deemed of use for the purpose of attaining those purposes.
10. "The delegations to which the above-mentioned communication was sent, are the following:
- |                |                             |
|----------------|-----------------------------|
| Austria        | France                      |
| Belgium        | Japan                       |
| Canada         | Netherlands                 |
| Czechoslovakia | Norway                      |
| Denmark        | Sweden                      |
| Finland        | Switzerland                 |
| Italy          | Federal Republic of Germany |
|                | United States of America    |
11. "This action has not brought about any significant changes in the overall situation.
12. "Consequently, the matter is submitted to the Council acting on behalf of the CONTRACTING PARTIES in accordance with the terms of Article XXIII(2) so that it may take such action as it deems appropriate.

13. "However, as pointed out by this delegation on previous occasions, Uruguay considers that the problem which concerns it goes beyond the limits of its own case and that both this fact and the determination of the individual degree of participation in the overall picture, require the most thorough, objective and impartial consideration. It is also felt that only by means of the prior clarification of the general problem can a basis of relative values and terms of comparison be found.

14. "In accordance with this concept, the study is requested of the situation existing in the fifteen countries indicated above, which represent a preponderant proportion of Uruguayan exports to countries linked to the General Agreement and offer in their treatment of Uruguayan goods, conditions which sometimes vary very considerably.

15. "This delegation trusts that the Council, which will readily comprehend the complexity of the question which is submitted to it, will adopt such procedures as shall lead to consideration of the matter within the framework suggested in paragraph 13 above.

16. "The Uruguayan delegation is in a position to submit to the Council or to any subsidiary group that it may appoint, such pertinent information as may be required from it.

17. "I shall be grateful if you will be so kind as to distribute the text of this communication to all the contracting parties so that it may be considered by the Council in the course of its present meetings.

18. "In this connexion, I wish to confirm the desire previously expressed by my Government to the effect that this action will lead, with cordial understanding, to an intensification of Uruguayan trade with the countries concerned in a manner such that all parties shall profit."