

continued pressure for the easing of restrictions against those dollar goods of particular importance to us and traditional for the Brazilian market.

“Such pressure could stress the undertaking under GATT, Article XII 3(c)(iii), “to apply restrictions (to safeguard the balance of payments) in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party”. Emphasis should also be placed on Brazil’s increasingly favourable exchange position.

“The next meeting of the GATT Contracting Parties in September 1951, could provide an opportunity for a thorough review of Brazil’s import restrictions and of her exchange reserves. In the light of this review, the justification or otherwise of continued import restrictions by Brazil will become clear.”

#### 4. *Codfish Exports to Brazil*

(i) Brazil (in particular Northern Brazil) has long been one of the most important traditional markets for Newfoundland salt codfish.

Prewar exports of Newfoundland cod to Brazil ranged between 25 and 31 million pounds. In 1948 exports amounted to about 13 million pounds (almost \$2 million), representing 33 per cent of Brazil’s total imports of cod in that year.

In 1949, as part of its stringent import restrictions, Brazil imposed a complete ban on dollar imports of codfish. This ban is still in effect, and since that time only small quantities of Canadian fish have been exported on a private barter basis. In 1950, only about 250 thousand pounds of codfish were permitted entry into Brazil from Newfoundland, roughly 0.5 per cent of all Brazilian imports of cod in that year.

(ii) Norway has now become Brazil’s chief supplier of codfish, providing nearly three-quarters of the total quantity imported in 1950. Exports of Norwegian codfish to Brazil rose from 16 million pounds in 1947 to 30 million pounds in 1949. Norwegian supplies are entering under a long-term barter arrangement which provides for the direct exchange of codfish for Brazilian coffee. Similar facilities for the exchange of coffee have been denied Canadian codfish exporters, on the grounds that only inferior grades of coffee, unsuitable for the dollar market, were being allowed in the barter arrangement with Norway.

(iii) In December 1949, the Canadian Ambassador to Brazil made formal representations to the Brazilian Government with respect to the urgency of securing import quotas for Canadian codfish and sewing-machines.

In November 1950, the Canadian Ambassador was asked to make the “strongest representations” to the Brazilian government to re-open the Brazilian salt fish market to Canadian exporters.

In February, 1951, Mr. Howe gave the Brazilian Ambassador to Canada a memorandum strongly urging the relaxation of import controls on codfish. This memorandum noted the substantial improvement in Brazil’s dollar position, recalled the provisions of the GATT under which “unnecessary damage to the commercial interests” of another country were to be avoided in the application of import restrictions, referred to the fact that coffee had been made available for barter with Norwegian