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COMMITTEE ON TRADE AND DEVELOPMENT

Session at Punta del Este, Uruguay: January 1967

Statement by Director-General at the Opening Meeting, on 16 January

We are deeply indebted to the Government of Uruguay for its invitation to the Committee on Trade and Development to hold this session at Punta del Este. We are honoured, Sir, that you have agreed to take the Chair at this opening meeting.

We are expecting Dr. Prebisch, Secretary-General of UNCTAD, to join our meeting tomorrow. His presence, which we all welcome, will be a reflection of the close co operation which is developing in those important areas where our two organizations have common objectives and preoccupations.

You, Sir, and Ambassador Valenzuela have already referred to the significance of this session. It is customary for GATT meetings to be held at headquarters in Geneva. This meeting in Latin America has, therefore, an added significance for GATT and for its future work. It highlights the attention being devoted by GATT to the trade and economic development problems of developing countries and the importance of GATT's rôle in the search for, and negotiation of, solutions to these problems. It epitomizes the growing and constructive participation of the countries of Latin America in the aims and activities of GATT.

There is significance, too, in the timing of the session, for it coincides with the unfolding of the final stages of the Kennedy Round of trade negotiations in Geneva on which the eyes of all contracting parties - both developed and developing - are turned and on the outcome of which the reality and strength of international trade co-operation in the future will so significantly depend.

It would certainly be my hope and expectation that, consistently with the tradition in GATT, the Committee will succeed in pursuing a practical approach to the problems before it. The difficulties of the developing countries, and the factors underlying them, are well-known. They have been debated and elucidated in various international organizations and bodies. They have been clearly defined. No government is unaware of their vital importance, not only to the developing countries, but also to the world economy as a whole and to the maintenance of **harmonious** relationships between nations. In the few days that we have here we should not, therefore, go over old ground; we should not discuss the broad issues in general terms. We should, instead, concentrate on specific problems and on the possible ways of solving them. We should ensure that the opportunities offered in particular by the Kennedy Round for the developing countries are not lost because of any lack of concentrated effort on our part, in the final, decisive stages of the negotiations.

Some developing countries were founder members of GATT but, in recent years, there has been a rapid growth in the proportion of developing countries among the GATT membership. For more than a decade, the organization has been increasingly concerned with the problems of trade and economic development. This process started in a systematic way in the middle of the 1950s and, under the political impetus and guidance of successive meetings of Trade Ministers, was carried forward first by Committee III and then by the Action Committee; it culminated in the adoption in 1965 of Part IV of the GATT and the establishment of the Committee on Trade and Development. The principles and concepts embodied in Part IV are the result of the long, painstaking work that GATT has done over the years. They postulate as an essential objective of international economic and commercial policy a substantial increase in the export earnings of less-developed countries and a diversification of their exports, which will facilitate an acceleration in their rate of economic development. They represent a series of obligations directed toward the attainment of this objective.

The review of the implementation of Part IV is a principal question on the Committee's agenda. It will reveal to what extent, so far, expectations have been translated into realities and what should best be done through the negotiating mechanism of GATT to gain the maximum benefits from this process of international co-operation. In this context the Committee's principal preoccupation will certainly be with prospects in the Kennedy Round for the reduction of tariff and non-tariff barriers against products of export interest to developing countries.

The Committee has before it a report by the Chairman of the Sub-Committee on Participation of Less-Developed Countries on the present status of the negotiations with respect to these countries. This will provide background material to assist the Committee in its discussion of this subject. Certain considerations would point to the matters on which discussion might most usefully concentrate. The basic policy decisions of principle have long been taken. Further, discussion of questions of procedure or machinery is no longer necessary. The procedures generally and the negotiating mechanism are fully established and are being utilized. In accordance with the procedure recently agreed by the Sub-Committee, there have been extensive contacts between the secretariat and developing countries in connexion with the submission by these countries of requests for the maintenance or improvement of offers by developed countries which, from now on, will be the principal preoccupation of developing countries in the negotiations.

It would seem to me, therefore, that we are in the fortunate position of being able to focus attention entirely on matters of substance: where the main problems arise and what specific - and I would underline the word "specific" - solutions to these problems are advocated; what can be done to overcome bottlenecks; and the particular areas where further action is necessary if the stated objectives of the negotiations are to be attained. This would facilitate the task of governments in deciding what further action they might take on these matters and what new instructions they might give to their negotiators.

It would be churlish not to recognize that the offers by developed countries at present on the table are more comprehensive than anything achieved before in international commercial negotiations and that, in many cases, they represent a considerable political effort by the developed countries concerned vis-à-vis their own industrial, commercial and public opinion. It is equally a fact that developing countries stand to gain a great deal from these offers.

More needs to be done, however, if the commitments solemnly entered into and the hopes and promises entertained over the past few years are to be fully realized. Many developing countries are dissatisfied with the initial offers made by the developed countries. They should, in the remaining period of the negotiations, fully exploit the established procedures and negotiating mechanism that are available to them, for it will be on the basis of specific requests for the maintenance or improvement of offers on a particular product or products that this part of the negotiations will operate in the final phase. Through the submission of their requests, therefore, and in bilateral consultations with the developed countries concerned, the developing countries have the opportunity energetically to pursue their trade interests, and make clear, in specific terms, what they are seeking.

Certain questions will be of vital interest to developing countries in the final **phases** of the negotiations; the specific requests which have been tabled by these countries have made this interest abundantly clear. For instance, many requests are for the improvement of offers by developed countries, including the removal of products of export interest to developing countries from exceptions lists and for the avoidance of the withdrawal of offers on such products should any modification of their offers as a whole be deemed to be necessary by developed countries; I would at this time emphasize the importance of the latter aspect. Some requests are for cuts deeper than 50 per cent on specific products. Some seek an accelerated implementation of tariff reductions with respect to products of particular export interest to developing countries without the phasing envisaged in the general rule for the negotiations. Some relate to products where a developing country is a principal supplier, or where a number of developing countries taken together supply a large percentage of imports of the products concerned into a particular developed country.

In the case of the matters covered by some of the above requests, there is at least agreement in principle by developed countries that something should be done, or attempted, along the lines proposed. The time has now come to reach **firm decisions**, at this session, so that the short period remaining in the negotiations can fruitfully be used on the all-important task of reaching agreement on the detailed implementation of such decisions, in the light of the specific requests made. Here, surely, is an area where logic and sincerity of purpose require that action be taken.

In the context of requests from developing countries special regard should be paid to those products in which these countries have a potential export interest for it is here, in the final analysis and on the basis of the facts, that the main benefits to developing countries could accrue. I would draw the attention of developed countries to the importance of this consideration which should weigh heavily with them should the need arise for the withdrawal of any existing offers.

Tropical products are of predominant importance for many developing countries, including a number of Latin American nations. Here, the present situation in the negotiations is both complex and frustrating, for reasons that are well-known. While awaiting, both in GATT and in other forums, acceptable solutions, possibly in the form of joint action, to the difficult problems that arise, it would seem to me that in the final phase of the Kennedy Round the best possible course will be for developed countries to take the maximum action that remains open to them individually.

Temperate-zone agricultural products are major elements in the export trade of, for example, our host country Uruguay and her neighbour Argentina. For the results of the Kennedy Round to be meaningful for such countries, the outcome of the agricultural negotiations, including those proceeding in the groups on cereals, meat and dairy products, must open up prospects for increased sales by developing countries.

There is, finally, the other side of the coin, namely the contribution the developing countries themselves should make to the overall objectives of the Kennedy Round. All countries participating in the negotiations in accordance with the agreed procedures for the participation of developing countries have tabled statements of the offers they would be prepared to make. Procedures have also been agreed upon which envisage negotiations among developing countries for the exchange of concessions and this might also permit these countries to make a further contribution to the objectives of the trade negotiations.

While developing countries are only asked to make what effort they can, consistently with their development, financial and trade needs, it is important that they should make the maximum possible contribution. This will, in some cases, facilitate the task of developed countries in their attempts to maintain, or improve, existing offers. More important are the advantages and stimulus to the economic development and efficiency of developing countries, and to intra-trade among them which would be derived from reductions in internal levels of protection.

The Kennedy Round offers the international community the best and most immediate opportunity to make a major contribution to the implementation of Part IV. The negotiations are at a crucial stage. There is need, in the final effort that lies before us, for a greater measure of courage, generosity and positive political will, so as to permit the achievement of results that are fully commensurate, both with the opportunities that present themselves, and with the objectives set by Ministers when the negotiations were launched.

I have dealt at some length in this opening statement with the participation of the developing countries in the Kennedy Round, in part because of the great opportunities which are afforded and which must be courageously exploited, and in part because of the immediacy and urgency of the specific problems which have still to be resolved within the limited time that remains to us. On the table are the offers in specific terms and the specific requests of developing countries. All the necessary material, therefore, is in the hands of participating delegations to enable them to deal constructively and expeditiously with these problems.

It is not my intention to comment in any detail on all the items of the Committee's agenda at this stage. But I would make a few observations on certain points.

The instability of commodity markets, and the serious difficulties which they bring for developing countries, continue to be a major preoccupation of the world trading community and of the international organizations engaged in the search for solutions to these difficulties. This has been the case for years. The negotiation of the traditional international commodity agreements lies outside the competence of GATT. But GATT has a responsibility for the conduct of overall trade negotiations, and conditions of trade relating to primary products cannot, of course, be excluded from these. Moreover, there are often positive advantages in negotiating on primary commodities as part of wider-ranging, more comprehensive negotiations. There are lessons to be learned from the approach and techniques applied to the negotiations on certain agricultural products in the Kennedy Round. It might, in due course, be desirable to consider and evaluate the possible applicability of some of these techniques to products of particular interest to developing countries which might be responsive to such techniques. Quite apart from these broader considerations, however, I might recall that particular problems in the field of primary products, involving principally questions of commercial policy, have lent themselves to solution as a result of bilateral or multilateral consultations promoted through the established GATT procedures.

As regards the overall question of commodity problems the GATT, in addition to the contribution which it can itself make to progress in this complicated area, stands ready as in the past to give support to other international organizations which are active in this field.

I would like to refer to the question of export promotion and the assistance needed by developing countries to enable them to become more proficient, through the acquisition of the necessary expertise, knowledge of marketing, and technical experience, in the physical process of selling goods in overseas markets.

At the request of developing countries, the GATT International Trade Centre was established to satisfy the urgent need in this field. It started operations in May 1964. Its facilities are available both to Members and non-members of GATT and they have been used by a total of sixty-two developing countries. A description of the Centre's activities is provided in a document distributed to members of the Committee by the secretariat.

This is an area where important, positive results are being achieved. The orientation of the Centre's future activities will be dictated by considerations of efficiency and the judgment as to where its resources can most profitably and realistically be applied. These activities are being increasingly geared to provide technical know-how and training in the promotion of marketing research and the organization of export services. In conformity with this criterion, it is planned to pay particular attention to the facilities provided under the Centre's Trade Promotion Advisory Programme and to training facilities for developing countries under the direct supervision of the Centre.

It is appropriate that services to developing countries in the field of export promotion should be provided in the GATT. Its long experience in practical trade questions, its day-to-day dealings with these matters and with people involved in trade, and its long-established sources and accumulation of information are among the many factors which have conferred upon it a special competence and responsibility in this field.

And, finally, what of the future, in particular the future immediately following the Kennedy Round? I would anticipate that the review undertaken by the Committee on the implementation of Part IV of the GATT, and the discussion in the Committee generally, will underline the continuing character of the activities to which the CONTRACTING PARTIES are committed in the field of trade and development.

The fostering of the trade and economic development of the developing countries is, by its very nature, a continuing task and the GATT must stand ready to make its full contribution. The content of this contribution is likely to evolve as world trade and trading relationships respond to the changing demands of the national and international economy. But its character should not change, for the GATT is essentially a forum for the negotiating of practical solutions to concrete problems and one whose activities derive from the binding commitments and responsibilities that governments have accepted in legal terms under the GATT.

The completion of the Kennedy Round will afford an appropriate occasion to examine, in the light of what is achieved in the negotiations, the problems of the developing countries as they present themselves at that time and to pinpoint those areas where work and action might most profitably be pursued. The Committee will wish to consider at its present session what preparations should be made for this. It would seem to me that a logical - and in fact essential - first step would be to carry out an analysis of the results of the Kennedy Round as they affect the interests of developing countries. From this foundation we should be able to move forward realistically in our task of furthering the objectives to which governments have subscribed in the GATT. The promotion of the trade and economic development of developing countries is a task for the international community as a whole; all countries - irrespective of their degree of development or under-development - have a political and material stake in its successful accomplishment.