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It is possible that some of us felt a little apprehensive when we first learned about the decision to hold this meeting so far away from our customary base of operations. The problem of operating outside Geneva, where we have at hand our voluminous documentation, an efficient secretariat and, above all, the advice and leadership of the Director-General and his full team of associates may have appeared an undertaking fraught with risk.

As we open our meetings here in Punta del Este I believe that it has become quite clear that if such apprehensions existed, they were entirely unfounded. The meetings of the Committee on Trade and Development could not take place in a better locale or under more desirable circumstances. My delegation wishes to express its sincere thanks and deep appreciation to the Government of Uruguay for their invitation to have us meet in this lovely place and for their help and co-operation in preparing for our sessions. All of us will long remember the warm hospitality with which we have been received here.

We owe a debt of particular gratitude to our distinguished colleague and good friend, Ambassador Julio Lacarte, who on behalf of his Government originally extended the invitation to come here, and who has done so much to ensure the success of our work. Ambassador Lacarte will soon be assuming a new high office in the service of his country. His brilliant contributions in the forums of the GATT will be sorely missed when he leaves to become, on 1 March, the Minister of Commerce and Industry of Uruguay. While we are sorry to see him go, we fully appreciate the importance of the task he will undertake and we wish him well.

Above all, my delegation wishes to pay particular tribute to you, Ambassador Valenzuela, the distinguished and experienced Chairman of the GATT Committee on Trade and Development. Your leadership in the work of this

Committee has been outstanding. Your contributions in the preparation for the Punta del Este meeting have been indispensable. Your chairmanship and guidance in the days to come are excellent guarantees for the success of our work.

Finally we are particularly grateful to the authorities of Maldonado and of this lovely city of Punta del Este for being such gracious hosts to all of us. The reception they have afforded us here will do much to make the Punta del Este meeting of the GATT an outstanding success.

My delegation considers this meeting of the Committee on Trade and Development to be of great importance. We are meeting at an important time. The Kennedy Round has entered into its final crucial stages. The work of our Committee can do much by focusing, at this moment, on the major issues and opportunities for developing countries in the Kennedy Round and by surveying the other aspects of developing country trade problems on our agenda. By meeting for the first time in Latin America, an area of the world where the need for rapid economic development is constantly in the forefront of government thinking and where the struggle for better earnings from trade as a means of speeding economic development goes on unabated, we are indeed underlining in a most effective manner the sum and substance of the work of this Committee.

The GATT has, I believe, made considerable contributions in helping the trading problems of the developing countries. Through the Kennedy Round and a number of other activities presently under way, more can and must be done in the future. The GATT is young. It is not yet twenty years old. It has almost reached the age of discretion. It is still growing. It is still impressionable, and it shows every sign of being able to learn from experience. Here in Punta del Este we have an opportunity to step back a minute from the flurry of our Geneva meetings and negotiations and to assess some of the more significant of our activities from the unusual perspective afforded us by our presence here.

The Kennedy Round

One of the most important ways in which the GATT can contribute to the solution of the trade problems of developing countries is to promote the rapid removal of trade barriers. For it is these barriers which frustrate efforts to diversify exports, hinder raising the volume of trade and inhibit the growth of export earnings. And the most effective way in which to lower trade barriers is by comprehensive multilateral negotiation.

The CONTRACTING PARTIES already have much experience in this field. In successive tariff conferences levels of protection have been considerably reduced. The Kennedy Round now offers the opportunity to take a further giant step.

The magnitude of this step can perhaps be appreciated by a comparison with the record of the past. In a series of negotiations spread over three decades the United States reduced its tariff to about half its original level. Now in the Kennedy Round, we are negotiating for the reduction of tariffs, again by half - but this time over a period of five, rather than thirty years.

Specifically, looking at access to the United States market, what is the stake of the developing countries in a successful negotiation?

FIRST: The United States has tabled a sum total of offers on all different types of commodities and manufactured goods - agricultural and industrial, temperate and tropical - involving duty reductions or eliminations or the binding of unbound free items on \$1.1 billion of imports from all less-developed countries in 1964.

SECOND: This means, for example, that if our Kennedy Round offer is fully taken up, the 50 per cent of United States 1964 imports from developing countries participating in the Kennedy Round which entered the United States duty-free bound and guaranteed would rise to a figure of 63 per cent. The 1964 figure on duty-free imports represents the results of valuable concessions given in early GATT negotiations. The new figure would reflect the added Kennedy Round concessions.

THIRD: As a part of its total offers, the United States has tabled offers to accord immediate duty-free entry to tropical commodities accounting for more than \$300 million of our 1964 imports from less-developed countries participating in the Kennedy Round. If this offer is taken up we shall have freed from duty about 70 per cent of our total imports of tropical products from all countries.

Our tropical products offer reflects our full sympathy for the view that developed countries should make every effort to eliminate all duties and other internal barriers which restrict the consumption of tropical products not generally produced in the developed nations of the world. Our Congress fully shared this view and included special provisions to this effect in the Trade Expansion Act of 1962, thus enabling us to make our far-reaching tropical products offer to which I have just referred. The offer is comprehensive. If implemented, it would add to the duty-free treatment already accorded by the United States for key commodities such as coffee, cocoa and bananas, a number of other important tropical product groups, including tropical woods, certain oils, nuts, spices and many more.

Our law requires, however, that our offer on tropical products can only be fully implemented if other major industrialized partners in the negotiations take parallel action. The United States hopes that it will be possible for them to do so. We urge all countries to make a major effort in this field. We intend to exert every effort to ensure that major liberalization of remaining trade barriers on tropical products results from the negotiations.

FOURTH: The United States Kennedy Round offers cover more than 90 per cent of our dutiable imports of manufactured goods from developing countries participating in the negotiations. Our imports of such items amounted to more than \$300 million in 1964. Our offers on them are in the main for duty reductions of 50 per cent - the maximum we are authorized to offer by law. We consider this to be of major importance for the trade prospects of our developing country negotiating partners.

FIFTH: It follows from what I have just said that the United States has made every effort to keep items of interest to participating less-developed countries off its exceptions lists and on its offers lists. Moreover, we have offered deeper than 50 per cent reductions and the implementation of reductions without staging wherever possible under our legislation.

SIXTH: We are making every effort to assure trade liberalization and enlarged trading opportunities for products where the level of imports is not always inhibited by tariff protection alone. For example, we have actively engaged in bilateral negotiations with cotton textile exporting countries and as a part of the Kennedy Round we have sought, in the context of a renewed Long-Term Cotton Textile Agreement, to agree about action on tariff as well as non-tariff barriers. The result can be a maximum growth in cotton textile trade, compatible with an orderly development of our domestic market. By working out certain bilateral understandings on our cotton textile trade, we think that exporting countries can look toward growing export earnings from this vital sector. At the same time, our domestic industry can be assured of a continuation of necessary, limited levels of protection to safeguard their health and well-being.

Cotton textiles are a vital export item for many developing nations. The Kennedy Round can and should be used as the means for similar negotiations between other countries exporting and importing cotton textiles.

SEVENTH: The United States, together with other exporting countries has proposed the addition of a multilateral food aid component as a part of a World Grains Arrangement under negotiation in the Kennedy Round. My country is willing to undertake a significant share of the responsibility for such a programme and we hope that all major participating nations, exporters and importers alike, will assume a share of the burden.

The whole effort of seeking in the Kennedy Round to work out comprehensive arrangements for important temperate commodities, such as cereals, meats and dairy products, is of vital interest, not only to developed countries like my own but also to those developing nations who rely heavily on export earnings in this field. I am thinking particularly of Argentina and Uruguay who have a heavy stake in the successful outcome of our negotiations in this area. For those countries, in particular, the success of the Kennedy Round will in no small measure be determined by the extent to which the negotiations on temperate agricultural products can assure them continued access to major world markets and reasonable prices for their products.

These are a few of the principal elements of that part of the United States Kennedy Round offer which is of particular interest to developing countries. They show why these negotiations are so important and why so much is at stake for the developing countries' trade. The United States is of course not the only developed country participating in the Kennedy Round. All the other major world trading nations are negotiating partners in Geneva. The offers of many of these countries would, if taken up, be of equal importance in promoting developing countries' export trade. The sum total of what is at stake in the Kennedy Round is impressive indeed.

We are, however, merely talking about offers at this point. The next few months will be critical; they will determine how extensively the offers presently on the table can be implemented and, indeed, to what extent they can be further improved. To achieve the best possible result, it is now time for each participant to review its position in the light of the positions of others and to make a major effort to overcome discrepancies and imbalance. For example, we have all agreed that the developing countries in the Kennedy Round need not provide full reciprocity for the important benefits they are likely to receive. Yet it has been clear all along that developing countries also should, partly in their own interest, make some contributions to the Kennedy Round - contributions consonant with their economic development needs.

The present picture in this regard is not a satisfactory one. At this point there are few concrete tariff offers from participating developing countries on the table. It is essential that every effort be made to remedy this situation. For while full reciprocity is not necessary, if the gap cannot be reduced, the end effect may well be adverse for developed and developing countries alike. Unless developing countries' contributions are included in the final settlement, developed countries are less likely to be able to give the most effective consideration to the need of the less-developed nations. In particular, this could adversely affect their decisions on final adjustment of offers amongst

each other. Secondly, in the absence of some effort by the developing nations, the likelihood that some of the major consuming countries will further improve their offers - or, indeed, that they will implement all offers presently on the table - is reduced. As I mentioned earlier, the ability of the United States to implement a good many of its tropical products offers depends on like action by other advanced countries. Moreover, the Trade Expansion Act provides that we can best utilize our powers for trade liberalization only if all countries make contributions to the final negotiating results.

GATT is of special interest to developing countries

The GATT, from the beginning, was designed to raise standards of living and to promote the economic development of its Members. At its inception there were twenty-three contracting parties, of which eleven were less-developed countries. Now there are seventy contracting parties, and a total of eighty-four countries who participate in the GATT; sixty of these are less-developed countries and over two thirds of today's contracting parties fall into this category. This growth in membership is perhaps the best indication of the importance of the work of the GATT to the less-developed part of the world.

In order to make the General Agreement more responsive to the needs of the less-developed countries, the GATT was revised in certain aspects in 1954/55. More recently, the three new articles which constitute Part IV were added, and this Committee was established. Part IV of the General Agreement is now in effect among the contracting parties which have subscribed to the relevant Protocol. Some fifty contracting parties, including the United States, have already done so. We strongly urge that all the remaining contracting parties adhere to it as soon as possible.

It follows from this brief reference to the evolution of the GATT in its work on developing country trade that the Kennedy Round is by no means the only forum in which important work on such problems is going forward. Indeed, my country is gratified to note the many activities of this Committee and other GATT bodies designed to promote developing country trade. I should like to comment briefly on a few of these here.

Special efforts to lower trade barriers - elimination of quantitative restrictions

Even before the General Agreement contained the provisions of Part IV the CONTRACTING PARTIES did a great deal to open the major markets of the world to the products of developing countries. In 1947, and for some years thereafter, many developed countries were still experiencing post-war balance-of-payments difficulties. They applied temporary quantitative import

restrictions to safeguard their reserves. When these economies had recovered and international currency convertibility had been restored, the justification for continuing the systematic application of quantitative import restrictions disappeared. The situation of each country applying these restrictions was discussed in consultation with the International Monetary Fund and with the GATT CONTRACTING PARTIES, and the great majority of the restrictive quotas were discontinued.

However, there are still a limited number of quantitative restrictions applicable to items of export interest to developing countries. Most of these so-called "residual restrictions" apply to agricultural products, are intended to protect domestic agriculture, and are inconsistent with the GATT. My delegation urges countries which maintain such restrictions to move now to eliminate them. We support appropriate procedure in the GATT to bring about further progress in the reduction and elimination of the remaining residual restrictions on products of interest to developing countries.

Special efforts to lower trade barriers - unilateral suspension or elimination of duties

The principal export interest of the developing countries today remains in primary commodities: minerals, tropical and non-tropical foodstuffs and fibres and forestry products. In general, duties on such products are relatively low, particularly since many countries have removed or suspended duties on several of these products unilaterally, acting in the spirit of Part IV. The United States, for example, has suspended duties on copper, manganese, bauxite, nickel, graphite, certain hardwoods (including tropical hardwood), istle, cork insulating board, silla yarn, tanning extracts, palm nuts and kernels and palm oil. Most industrialized countries have eliminated or suspended duties on tea and tropical timber, and the documentation for this committee meeting notes that since the adoption of Part IV developed countries have eliminated duties on over thirty items of interest to less-developed countries, have reduced duties on several others, and have temporarily suspended duties on over twenty more. My delegation hopes that this trend can be continued. The Kennedy Round may present a particular opportunity to make progress in this regard. We urge all countries to do their utmost in this regard.

Special efforts to lower trade barriers - regional arrangements among developing countries

Developing as well as developed countries are succeeding in lowering barriers in customs areas and free-trade areas. The Central American Common Market and the Latin American Free Trade Association afford interesting examples of what developing countries are doing to further the development of their trade and their

economies on the basis of regional co-operation. As the GATT survey, International Trade 1965, notes, intra-Latin American trade increased by almost one fifth in 1965. Intra-Central American trade increased by about 14 per cent in that year. In the period 1960-65 the total trade of the Central American common market countries increased about one and three-quarter times; trade among these countries, however, grew nearly three times as rapidly and in 1965 was four and a half times what it was in 1960.

The United States continues to be a strong supporter of these regional common markets in Latin America. We believe that a study of their experience might be of great benefit to developing countries in other parts of the world. We would encourage the Latin American countries to disseminate through the CONTRACTING PARTIES fuller knowledge of the techniques they have found useful in lowering trade barriers and furthering economic development.

The CONTRACTING PARTIES, in Article XXIV of the GATT, established guidelines for the formation and operation of regional customs unions and free-trade areas so that they may contribute on the one hand to the advancement of national planning for trade and development and on the other to the world-wide interchange of resources through trade. The United States has proposed that the GATT be amended to permit the establishment, when certain criteria are met, of regional arrangements other than customs unions or free-trade areas for trade liberalization among developing countries.

Special efforts to lower trade barriers - commodity agreements

The problems of trade in primary commodities have two general aspects. There is the question of removing tariff and non-tariff barriers which impede trade in these products. There is also the question of negotiating workable commodity agreements for certain of them. My delegation considers it important and in the interest of developing countries exporting primary products to progress on both fronts.

On the one hand, for some products of developing countries - coffee and cocoa are examples of such commodities - commodity agreements could be useful. The United States hopes that the International Coffee Agreement may be supplemented by a workable cocoa agreement and perhaps by other commodity agreements as well. However, there do not appear to be many commodities for which comprehensive commodity agreements could be negotiated, and the complex task of dealing with proposals for such negotiations falls largely outside the GATT.

On the other hand, in the GATT we can negotiate the reduction of tariff and non-tariff barriers not only for the relatively few but important commodities that might sooner or later be the subject of commodity agreements, but also for the whole range of commodities which, for one reason or another, may never be dealt with in such agreements.

Special efforts to lower trade barriers - tariff preferences for manufactured products of developing countries

As we indicated when we were considering the status of the Kennedy Round, we subscribe fully to the objective of maximum reductions in trade barriers to facilitate increased less-developed countries earnings. We consider that cuts in the Kennedy Round can do much to achieve this aim.

Many countries have suggested that in addition to such most-favoured-nation cuts, we go further and reduce barriers to developing countries even in cases where developed countries are not prepared at the time to reduce duties among themselves. A number of specific suggestions as to how this would be done have been put forward. As you know, the Organisation for Economic Co-operation and Development Ministerial Council asked for a special study to try to arrive at a harmonized, constructive position designed to promote the export earnings of the developing countries. While this study has not been completed, we believe that good progress has been made, and that the work will be pressed forward with all participants showing flexibility and an open-minded willingness to give fair consideration to all suggestions put forward.

The question of special tariff treatment for developing countries raises a number of basic policy issues. In the first place, the continued progress toward the reduction of trade barriers on a world-wide basis should not in any way be hindered. And the maintenance of trading rules which minimize interference with the free flow of goods is essential. There are also questions about the relationship of any new scheme to existing special arrangements. These, and many other considerations, add up to a major policy issue, and we in the United States Government are looking at them very carefully.

Special assistance to less-developed countries - trade promotion and development planning

The GATT Trade Information Centre and the programme of GATT Trade and Development Plan Studies are two areas of special activity on behalf of developing countries which we can all endorse. We believe that the CONTRACTING PARTIES have done well in establishing the International Trade Centre and in gradually expanding it with the advice of the Group of Experts on Trade Promotion.

In view of the growing demand for the services offered by the Centre and the endorsement by developing countries of the usefulness of these services, I have been authorized to inform this meeting that my Government, for its part, expects to be able to loan to the Centre in 1967 an experienced trade promotion officer from the United States Department of Commerce. We hope that this will further strengthen the Centre's work and will complement the assistance given by other governments which have contributed personnel and technical assistance to the Centre.

Furthermore, the United States Agency for International Development and the GATT are currently working on a new training programme to help developing countries expand export trade. A pilot project, which we hope to initiate within a few months, would be focused on developing the export potential in selected countries and on meeting requirements for international marketing. It would bring together governmental officials and entrepreneurs from developing countries in a training partnership. The plan under consideration would bring five teams of two participants each to the United States. It would be aimed at analyzing the extent to which the ingredients for a successful development of exports for food-processing industries were present in the participants countries, at studying effective techniques for marketing such products abroad and for necessary action at home so as to improve the viability of export activities.

We see this new programme as a link between promoting the growth of export earnings of participating countries and of their economic development. This of course is one of the key objectives of Part IV of the GATT.

The many varied activities of the GATT and of the Committee on Trade and Development make, in my view, an important contribution toward helping to lift the level of export earnings of the developing countries. As I have indicated in my survey of the present situation, the United States has in the past sought to play its part in collaborating with this effort. We shall continue to do so in the future. We believe that the Kennedy Round and the many parallel activities of the GATT provide opportunities which should not be missed. My delegation will follow with interest the work of this Committee during the coming days. We are confident that this meeting in Punta del Este will go down as another important milestone in the history of the General Agreement.