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STATEMENT BY THE CHAIRMAN OF THE COMMITTEE ON TRADE AND DEVELOPMENT IN THE MEETING ON 27 JULY 1967¹

1. In mid-1949, a Mid-Century Scientific Convocation was held at the Massachusetts Institute of Technology on the progress of science and technology in relation to the economic and social advancement of the peoples of the world. The principal speaker was Winston Churchill. On that occasion, at a time when the cold war was causing great political tension, the scientific and humanistic community was unanimous in declaring that in the first fifty years of this century, greater progress had been made in the field of science and technology than in the whole of the nineteenth century. Moreover, it predicted that if that rate of scientific and technological progress was maintained over the coming fifteen years - i.e. until 1964 - the progress achieved would be greater than that attained in the first fifty years of this century. But the question remained as to what could be done so that the developing areas of the world could reach a level of development at which they could take advantage of this progress. In brief, this stock-taking of science and technology was made four years after the beginning of the nuclear age and only eight years before the beginning of the space age.

2. In 1957, on the occasion of the launching of the first Sputnik within the programme of the International Geophysical Year, the United Nations General Assembly adopted a resolution on the peaceful uses of scientific and technological progress, and another resolution adopted by this same international organization attached great importance to the development and expansion of knowledge in connexion with the solution of economic development problems.

3. Under the auspices of UNESCO, the distinguished scientist, Pierre Auger, was entrusted by the United Nations with the task of preparing a study on trends on scientific research, and this was published in 1961. The study notes that scientific activities and their technological applications tend to double every ten years, which means that the technical equipment sustaining the industrial structure of society can be replaced every twenty years. This rapid rate occurs, in addition, at a time when the world population is doubling every forty years. Without claiming to simplify the problem, these three constants bring out the challenge that must be faced by all the countries in the world, and more especially the developing countries.

¹This statement was made during the discussion of agenda item - Future work and other questions.

4. As long ago as 1962, the Organisation for Economic Co-operation and Development drew the attention of its member countries to the repercussions of science and technology on modern economy. It recognized this aspect as having a decisive influence on the process of economic expansion of the industrial countries and on the objectives to be achieved in the coming years. In this connexion, may I also recall the work done by the French Commission for Scientific Research. After examining the traditional concepts of the trade balance and the balance of payments, it stressed the urgent need for individual countries to determine their balance of know-how, in particular what they have to pay for using patents and licences and what they receive in exchange for exporting their know-how. This suggestion is equally valid for determining the real nature of the economic structures of developing countries. It is no longer enough to follow fluctuations in the trade balance and the balance of payments. In many cases this third balance - the balance of know-how - indicates the rate of growth and brings out the real limitations of a rapid economic process.
5. In 1963 a United Nations Conference was convened on the Application of Science and Technology for the Benefit of the Less-Developed Areas. This was an exceptional undertaking, with a view to defining the magnitude of the problem. Shortly after that Conference, Mr. Harold Wilson made an important statement on the scientific problem before the Labour Party Congress. I shall merely recall that on that occasion he said that in the coming fifteen years, technological changes in industry as regards both products and production methods would be greater than any hitherto known in the historical process of the industrial revolution. This statement must also have given cause for reflection to organizations which, like GATT, are mainly concerned with overcoming obstacles to economic growth.
6. In recent years, there has been an abundance of valuable documentation on the technological gap between the industrial countries. In this connexion the three Executives of the European Economic Community addressed a memorandum to the Councils on 20 March 1967, on problems of scientific and technological progress in the Community. Paragraph 4 of that memorandum identifies the problem of scientific policy in the context of economic development policy, particularly from the industrial aspect. Paragraph 10 states that since 1962, 72 per cent of the industrial exports of the United States came from sectors with a high research coefficient, equivalent to an average of 6 per cent of turnover. For those sectors as a whole, the proportion of exports in relation to turnover was four times greater than in the traditional industries where the average research coefficient was only 0.5 per cent of turnover. Paragraph 13 gives concrete examples that are the result of this technological gap between industrial countries. Paragraphs 23 to 29 set forth in brief some general considerations for the promotion of scientific and technological research. Lastly, a draft resolution on technological problems maintains, at the end of

paragraph 2, that Europe's lag in this field is causing serious risk for its economic and social development in the medium and long term. If this is a matter for legitimate concern in the EEC, with its high level of scientific and technological progress, it is easy to understand the concern of the developing countries over the magnitude of the problem and the need to take action in regard its possible consequences.

7. The Kennedy Round was a multiple experience for us. I should like to refer here to one particular phase, which relates precisely to the presence of this factor of the technological gap in concrete negotiations. The raw materials and primary products that industry was using in 1947 were different from those that it uses in 1967. This is an obvious example of technological changes. We could cite many instances, but it will suffice to mention the relative importance of products such as aluminium, natural gas, artificial fibres, synthetic rubber and the whole range of plastics. There has also been a change in the percentage share of the developing countries in production and exports of raw materials and primary products, as a result of this technological transformation. We saw this in practice during the trade negotiations. It was also apparent with respect to potential trade, because the disequilibrium in the volume and value of exports is increasingly to the disadvantage of the developing countries. This concrete experience should serve as a basis for any study on emergency measures that should be adopted in this regard. I believe that in the specific field of international trade there are more precedents than in any other field that would make it possible to identify the magnitude of this problem and gain the attention of governments and the competent international organizations. This valuable experience must not be lost.

8. Almost one month after the approval of the "package deal", which ensured a favourable outcome for the Kennedy Round, a Geneva newspaper interviewed a distinguished public figure on the problem of the scientific and technological gap. In one of his replies he said, "in my view, it is necessary to consider the problem as a whole, in other words to seek measures for ensuring economic co-existence between America and Europe and above all, to proceed in a cool manner, before any serious disputes arise. First, the European economy must cease being placed, from the technological point of view, in a position of inferiority in relation to the American economy". Further on he stated: "The United States could thus extend the Kennedy Round agreements, disclose technological secrets or offer some of their patents". He advocated a Marshall plan in the technological field. At the end of the interview, the journalist asked him: "Would it be possible, in your view, to extend the benefits of such a technological Marshall plan to the developing countries?". The reply was: "Not in the immediate future. In order to receive, it is necessary to be able to give". These remarks should give us a great deal to think about.

9. I believe that GATT is the organization best suited to examine this problem from the point of view of international trade. This would not conflict with or duplicate the item in the agenda of the Second UNCTAD Conference; nor would it interfere with the industrial development seminar scheduled by UNIDO. On the contrary, it represents the exercise of an autonomous, urgent and new responsibility. I believe, furthermore, that this activity fits perfectly into the new stage into which GATT has moved, following the Kennedy Round. Accordingly, I wish to propose the inclusion in the agenda for the coming session of the CONTRACTING PARTIES of an item on the scientific and technological gap and its repercussions on international trade. Personally, I believe that GATT would be making a very valuable contribution if it were to appoint a panel of experts to examine the problem brought out by the experience of the Kennedy Round, and to suggest practical measures in this regard, taking special account of the situation of the developing countries.