

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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OF GERMANY, THE BENELUX COUNTRIES AND TO THE EEC  
BEFORE THE CONTRACTING PARTIES ON 24 FEBRUARY 1964

In taking the floor for the first time in this forum I should like, on behalf of my Government, to thank the contracting parties and their distinguished representatives for having invited Gabon to participate as a contracting party in the twenty-first session of GATT. Next I should like to express to you, Mr. Chairman, the congratulations of my delegation on your appointment to preside over this session which, in my opinion, is likely to be one of the most important sessions of the CONTRACTING PARTIES, on the eve of the United Nations Conference on Trade and Development.

Lastly, may I congratulate the Executive Secretary and his staff on the wisdom they have shown in preparing the study by the CONTRACTING PARTIES of an extension of the objectives of the General Agreement and a relaxation of its principles and rules.

Before commenting on these problems and a few others which are of vital interest to us, I should like to outline to you the origins and the general orientation of my country's commercial policy.

At the time when Gabon and the other States formerly comprising French Equatorial Africa acceded to independence, after having since 1940 shared in common the same customs régime and customs tariff, their external trade was governed by the provisions of the Convention of St. Germain-en-Laye, signed on 10 September 1919 by the United States of America, Belgium, the British Empire, France, Italy, Japan and Portugal, and which specified in particular that no differential treatment was to be applied to imported goods.

Since August 1960 Gabon and its neighbours - namely the Central African Republic, the Republic of the Congo (Brazzaville) and the Republic of Chad - have been masters of their commercial policy and, considering as lapsed the provisions of the Convention of St. Germain-en-Laye, they have adopted, in common with the Federal Republic of Cameroon:

- a Convention regulating the system of commercial exchanges between the five States, signed on 23 June 1961;
- a common external customs tariff, applicable since 1 July 1962;
- lastly, a Protocol of Agreement providing for the achievement of a common market and a customs union, in the GATT sense, between the five States, according to a time-table which calls for the examination by the Conference of the five Heads of State of a draft treaty before 15 December 1964.

The first two of these documents were distributed to the contracting parties in document L/2061 of 13 September 1963, together with a letter from the President of the Joint ECU-Cameroon Commission, stating that the notification was made pursuant to the provisions of Article XXIV:7(a) of the General Agreement. The text of the third document was communicated to the Executive Secretary following its adoption and signature by the five Heads of State at Fort-Lamy on 11 February last.

I wish to point out, so far as Gabon in particular is concerned, the entirely new situation resulting from the creation of the Equatorial Customs Union-Cameroon and from its membership of this customs union, which makes invalid, from the practical point of view, any reference to the situation existing prior to independence, and, to be perfectly clear, any reference to the concessions included in section B of Schedule XI. It should also be pointed out that this position can only be strengthened by the provisions of the agreement recently signed by the five Governments, for those provisions contain elements which in the very near future might speed up the process of economic integration in the area comprising, from north to south, Chad, the Central African Republic, Cameroon, Gabon and the Congo (Brazzaville).

We are convinced that all the contracting parties will easily acknowledge that this position is not only a matter of common sense, but is determined by an irreversible process of evolution which obliges our governments to take account of our real development needs, over and above rules and mechanisms whose equity with respect to the under-developed countries is very much open to dispute.

This being so, I should like to add that my country's commercial policy, like that of many other newly-independent African States, is partly conditioned by the fact that, under a convention, we belong to the French franc area and also under a convention, we are associated with the European Economic Community.

Our membership of the French franc area, which implies the pooling of foreign exchange and a similar organization of exchange control, results in the maintenance of certain quantitative import restrictions within the area, for balance-of-payments reasons. Association with the European Economic Community also requires certain reciprocal obligations in regard to quotas accompanied by safeguard clauses, in the event that such obligations constituted an obstacle to the economic development of the associated States.

In the tariff field, the member States of the European Economic Community and the associated States have pledged themselves to eliminate, either immediately or progressively, all protective duties applied as between themselves. However, the Association Convention provides that each associated State can maintain or establish customs duties or charges with equivalent effect to meet its development needs and industrialization requirements, or in order to provide budgetary resources.

All these provisions are well known. They have been extensively discussed in GATT and other international organizations. We shall, nevertheless, reply to the questions put to us by the Executive Secretary during the forthcoming consultations on import restrictions applied for balance-of-payments reasons. It should be emphasized here and now, however, that whatever the conclusions which may be reached after a study of our external trade policy, we shall not consent to go back on any of the obligations which we have freely entered into. For what distinguishes the new Convention from the first association régime is precisely the fact that it has been negotiated by sovereign States, and that trade liberalization and non-discrimination vis-à-vis member States have been wisely supplemented by provisions and financial means to encourage the development and diversification of the economies of the associated States. After all the statements, the voluminous reports, intentions, recommendations, resolutions - once we have gone beyond what Alain Birou so aptly terms the aesthetics of under-development or the false ideology of development; once, in common accord and on a world-wide basis, we adopt and implement arrangements for stabilizing commodity prices, affording the necessary protection to industries in the developing countries, and making arrangements for co-ordinated financial and technical assistance - then and then only shall we consider it appropriate to reconsider our position. For the moment, and in the absence of a broader and more effective platform, we consider our position justified. The attempt to organize trade between countries at different stages of development coupled with substantial financial assistance undertaken within a regional framework by the member States of the European Economic Community and the associated States, is clearly a positive step and a form of international co-operation which we support; on the other hand, free trade considered as an intangible principle can only widen the gap between prices of the manufactures exported by the industrialized countries and prices of the primary products sold by the under-developed countries.

For the reasons which I have just briefly recalled, it is quite comprehensible that my country is not in a position to grant the benefit of the most-favoured-nation clause in trade agreements of the conventional type. We cannot consent to the inclusion of this clause in any new agreements unless the industrialized countries which wish to trade with us agree to derogations to safeguard our industrialization opportunities and agree to participate in a practical way in our development policy. For in the economic sphere, true equity consists of giving different treatment to those whose development is substantially unequal.

I should add that, for obvious reasons, this restrictive position does not affect the African States, and that in the context of the regional or continental organizations with which we have associated ourselves, we are prepared to give favourable consideration to any proposal tending towards the expansion of intra-African trade.

The efforts of countries like ours to stimulate, diversify and rationalize their economy, the sacrifices which we make to encourage the inflow of financial resources from abroad, are not always welcomed as we would wish by the industrialized countries. We are well aware, however - and have stated this on several occasions - that if we are ourselves to furnish the stimulus and motive force for our development, then co-operation must be established with the more advanced countries in order to start us off towards the "take-off" of our economies, and the adaptation of our community to that "take-off".

Our efforts will not succeed without substantial changes in the nature of the economic relations between industrialized countries and developing countries. We firmly believe that the extent to which the international organizations strive to bring about these changes will determine our success or failure in establishing new mechanisms and new regulations to take account at last of the arrival of young under-developed countries on the international scene, and to take account also of the economic and human relationships which condition a situation that could not have been foreseen only some fifteen years ago, when the General Agreement was signed and made effective.

We are well aware that it is as difficult to achieve the transformation of outlook and of regulations which were made to measure, as to attain a frank comprehension of the global problems connected with our state of under-development. It is therefore in a spirit of complete humility that I should like to make a few suggestions in this regard.

It has become quite common to acknowledge or to condemn the instability of commodity markets and its adverse effects on the economy and finances of the developing countries. This instability is aggravated by the fact that commodity requirements have grown more slowly than the development of industrial production originally led one to believe, because of the increasing utilization of synthetic or substitute products. Despite this, the producing countries expanded their output, and commodity prices therefore fell. Between 1956 and 1962 the decline in the relevant indices amounted to about 15 per cent, and what applies to agricultural produce is equally true of mining products. We have had practical experience in Gabon that by the mere fact of the commencement of extraction of a large manganese deposit, the world price for this commodity suddenly dropped substantially, thus causing a 25 per cent reduction in export earnings from it.

Hitherto the only way of checking this deterioration in world prices of the products exported by the under-developed countries has been the conclusion of stabilization agreements. And to the best of our knowledge there are only five agreements of this kind in existence and the most recent among them, the coffee agreement, is neither more so, less than a quota agreement which contains no provision regarding the stabilization of prices.

We believe for our part that the solution to the problem of the decline in the export earnings of developing countries must be sought in the context of organization of markets. Such organization should in particular provide for:

- regular expansion of outlets for primary products of agriculture and mining, hence disposal guarantees;
- determination of a stabilization price fixed each year at a level which would in particular avert the danger which might arise from the introduction of substitute products;
- establishment of an "international price stabilization and support fund", which would collect export proceeds and guarantee payment of a stable amount, indicated beforehand, which the country concerned could utilize with full guarantees;
- promotion and possible protection of young industries in the developing countries.

In any event, however, export proceeds will continue to be inadequate for enabling the governments concerned to take an appreciable and continuing part, out of their own resources, in the development projects necessary to set their countries on the road to economic growth. It is consequently reasonable to admit that the under-developed countries will need, for a long time still to come,

financial assistance which would be combined with the financial resources deriving from remunerative exports. In this regard, we listened with great satisfaction to the remarks made by Mr. Woods, President of the International Bank, at the last annual meeting of that organization. Speaking in a very frank and very courageous manner Mr. Woods opened up prospects of an expansion of the lending and technical assistance activities of the International Bank, involving specifically the financing of national agencies for agricultural credit and investment, the financing of training institutions which could fairly rapidly affect development by providing national managerial personnel, the relaxation of conditions attaching to the granting of loans and an extension of time-limits for repayment.

Clearly, therefore, the problems of under-development require analysis and solution on a world-wide basis. The foundation for this co-operation, which we all repeatedly expound and advocate and yet have not so far been able to institute, must be a revision of the principle of free competition between unequal partners, and the implementation of effective financial assistance within the framework of the development objectives defined by the governments of the under-developed countries.

In line with our non-acceptance of the principle of non-discrimination with respect to trade between countries at different stages of development, we must protest against certain practices which come to light when projects in developing countries are financed by the governments of certain industrialized countries. Some such governments have made the granting of financial assistance conditional on general exemption from all duties and taxes for material to be used for carrying out the project. I have sometimes heard this doctrine justified on grounds of the desire of the lending or donor government to ensure that the entire amount made available is used for labour or equipment. But once the school or hospital comes into operation, who is to pay the operational and maintenance costs? Once the road has been opened to traffic, who is to pay for its maintenance? The answer is, the budget of the under-developed country, and at least 70 per cent of its revenue is derived from customs receipts. Why, then, should there be any argument over the granting of some tens of millions, or even some hundreds of millions of African francs to a government which will inevitably need that money one or two years later? This is another principle prejudicial to our economies and our finances, and if generalized it would create a dramatic situation for the budget resources of the under-developed countries. We fully understand that we may be asked to participate jointly in carrying out a project; but it is difficult to countenance a drop in budget revenue caused by increasingly generalized exemptions in connexion with financial assistance.

It may be that, after hearing my statement, the representatives here may consider that some of the problems of economic development which I have mentioned are outside the traditional competence of GATT. It is my honest belief that by continuing to apply the major principles of GATT to the developing countries, one would only perpetuate the adverse situation of our countries as compared with the industrialized countries. On the other hand, there is in GATT a gathering of studies, knowledge and probably adaptability which might be of assistance in determining the fundamental amendments needed to bring the General Agreement into line with the development needs of the under-equipped countries. It was not my intention to anticipate on the theme of the forthcoming United Nations Conference on Trade and Development; and yet the traditional system of trade is out of date, it does not imply development which, far more than the purchase and sale of merchandise, is the essential need.

In criticizing the present system my concern is that the regulations and the action taken should be based on the real situation in this second half of the twentieth century. Three years ago, the CONTRACTING PARTIES to the General Agreement asked us to take account of the GATT rules in determining the orientation of our commercial policy. Such a request is consistent with the logic of this organization. In turn, we asked the CONTRACTING PARTIES to bring the regulations into line with the facts, to yield some ground on each side, and together to draw up a code for the proper conduct of international trade, suitable to our era and its problems, and in common to forge an instrument for the economic and social advancement of the developing countries.

It is perhaps in this direction that the paths sought by the forthcoming United Nations Conference on Trade and Development are to be found, but where shall we find the structures into which to fit the economic policies which we want to implement?