

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Memorandum Submitted by the Delegation of Argentina

1. The post-war development of economic relations and the structural changes that have taken place in international trade during the past few years lead us to consider it essential to revise substantially the structural patterns that regulate such trade, with a view to adapting them to the demands of the present day and the foreseeable future.
2. In this respect, and bearing in mind that finding appropriate solutions to the various problems arising as a result of underdevelopment is, without doubt, the outstanding need in these conditions, it is urgent to introduce such changes as may be necessary in existing institutions, making the utmost use of their organizational structure, co-ordinating their different functions and assigning new tasks to them by creating whatever complementary organs may be pertinent, with a view to achieving a balance between the requirements of accelerated economic growth of developing countries and the necessity of maintaining adequate stability in international economic relations.
3. The General Agreement of Tariffs and Trade (GATT) - which is, to date, the only world-wide international machinery in the field of trade - has not proved an apt instrument for achieving the indispensable fundamental conditions for seeking practical solutions to the trade problems of developing countries. This notwithstanding, and in the light of the experience gained within the framework of the General Agreement in the fifteen years it has been in existence, it would not be prudent to suppose that it could not be used in achieving such practical solutions, if properly modified and expanded.
4. As is well-known, GATT has been working for some time past - particularly in the Committee on the Legal and Institutional Framework - to establish appropriate formulas to solve economic development problems. It cannot be said that the progress achieved is satisfactory, from the standpoint of developing countries; neither can it be denied that the last word has not been said.

5. Efforts should be made to establish the formulas mentioned in the preceding paragraph in a constructive spirit, through such changes in the structure and regulations as may be necessary and through the establishment of such complementary bodies as will enable it to acquire a new structure designed to achieve the principles and objectives hereinafter set forth.
6. The bodies to be set up should be sufficiently independent and have sufficient executive powers to allow them proper freedom of action. Moreover, the new structure should be fully competent in the field of trade, as the most effective means of development, and consider different forms of action as a mechanism for the co-ordination of technical or financial programmes of aid to nations in course of development.
7. From the legal standpoint the structure ultimately adopted should bear the closest possible relation to the United Nations system.
8. In giving effect to the changes referred to above, their impact on existing international bodies should be particularly taken into account, some of which might have overlapping functions. Unnecessary duplication should be avoided.
9. Similarly, due account should be taken of the structural relations which should exist between international trade and the systems of payment for such trade; therefore it would be essential simultaneously to consider the changes needed, both to the instrument currently regulating international trade and to the monetary machinery and institutions involved in such trade.
10. In time, the world instruments which in the future will have to deal with long-term capital investment, international liquidity and trade affairs should seek to solve the problems of underdevelopment and, concurrently, make trade possible in practice between market economies and centrally planned economies.
11. In connexion with the foregoing paragraphs, it should be borne in mind that at present the most pressing problems posed during the period immediately following the war having been solved, GATT's crisis arises from three fundamental problems which have acquired major importance: underdevelopment, trade between nations at different stages of development, and between countries with different economic and social systems. It is worthy of note, in this respect, that repeated violation of the rules of the General Agreement by highly industrialized countries has intensified the aforementioned crisis.
12. In particular, and with regard to the changes in structure and in the rules to be introduced in the present institutional system in order to adapt it to the needs of the world economy and world trade, the following fundamental principles should be taken into consideration:

- (a) Without renouncing the basic postulates of multilateralism and non-discrimination, it will be necessary to contemplate exceptions such as:
 - (i) relative reciprocity which might even mean in certain cases no grant of compensation by developing countries;
 - (ii) certain exceptions to the most-favoured-nation clause for the benefit of those countries;
 - (iii) bilateral agreements; and
 - (iv) the establishment of special conditions applicable to regional economic groups of developing countries.
 - (b) It is necessary that the new structure should closely relate those aspects which refer to trade, development, and net capital flow.
 - (c) It is essential that it should be able to act effectively in all matters pertaining to the solution of problems which hinder trade between market economies and centrally planned economies, with a view to making maximum use of the potential expansion capacity of such trade. In this respect, a new balance should be established between its executive powers and the principle of national sovereignty.
 - (d) It is necessary to establish appropriate machinery to ensure the implementation of the decisions adopted by member States.
13. Within the new legal structure, it will be necessary to set up certain bodies to make it possible to carry out functions such as:
- (a) the administration of international commodity agreements;
 - (b) the co-ordination of development aid programmes;
 - (c) the establishment of consultations on regional economic associations;
 - (d) negotiation and consultations on agricultural policies and access to the markets for agricultural products;
 - (e) negotiation of preferential access to the markets for industrial products from developing countries;
 - (f) consultations on the degree of economic development;
 - (g) consultations on import restrictions due to balance-of-payments reasons;
 - (h) consultations on protection of developing industries;
 - (i) consultations on trade between countries having different economic and social systems;
 - (j) organization of tariff negotiations.