

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/3766

3 November 1972

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CONTRACTING PARTIES
Twenty-Eighth Session

TWENTY-EIGHTH SESSION OF THE CONTRACTING PARTIES

Statement by the Director-General

Now that the discussion of item 3 of the Agenda: "Expansion of International Trade" is about to begin, and bearing in mind also item 4: "Review of International Economic Relations", I think it may be useful to take stock of the present status of the work of the GATT and to draw the necessary conclusions about the way in which it should be pursued.

I can do this in a few minutes; not only because, Mr. Chairman, you have wisely urged us to be brief and to stick to essentials but also because, in my view, the situation is fairly clear, both as regards what has already been achieved and as regards what should now be undertaken, so that it is unnecessary to go into great detail.

We have gone a long way along the road - and in the right direction - since the last session of the CONTRACTING PARTIES in November 1971. The atmosphere of tension and crisis which weighed on the trading nations a year ago has given way to a climate which, on the contrary, is conducive to constructive co-operation and to renewed concerted action toward the enlargement of world markets. In this connexion there have been the very important statements of intent relating to the trade field made by a number of statesmen in the course of this year. And to this has to be added - as I was happy to be able to see for myself at its first meeting in Washington on 28 September last - the clear determination of the Committee of the Board of Governors of the International Monetary Fund on Reform of the International Monetary System and Related Issues ("Committee of Twenty"), and the working arrangements the Committee has already made, to launch in good conditions the important and difficult task of reforming the monetary system.

A great deal of work has been done in GATT since last year, and this has resulted among other things in the examination of a wide range of techniques and modalities of negotiation that will enable governments to make a choice and progressively to elaborate negotiating options. This will have been apparent to you from the reports submitted by the Chairmen of the Committees concerned.

The question that is now posed is how to pursue, intensify and co-ordinate the preparations for the negotiations so as to provide, in a few months' time, the full technical basis upon which the CONTRACTING PARTIES can take the decision to begin negotiations.

In my view, two kinds of conclusions can be drawn from a careful study of the reports of the three main Committees.

The first - which is relevant to your discussion under item 3: Expansion of International Trade - is that the work of the Agriculture Committee and of the Committee on Trade in Industrial Products cannot make much further progress without having the benefit of further directives from the CONTRACTING PARTIES.

Consequently, in the industrial sector, your discussions could usefully bear on the choice of options and combinations open in the field of tariffs. They could also aim at giving precision to techniques for negotiating those non-tariff barriers that could reasonably be included in the "package" to be negotiated.

In the agricultural sector, what should be envisaged is the possibility of dividing the negotiating effort between tariff and non-tariff disarmament, on the one hand, and more general approaches on the other.

Similarly, the time has come to focus attention on the techniques and modalities for the participation of the developing countries in the negotiations and - I would like to emphasize this point - to do so in very concrete terms.

On the subject of the participation by developing countries in the preparation of the negotiations now going on in GATT, it is gratifying to note that non-member countries are able fully to take part in these preparations, that some of them are in fact already doing so, and that both members and non-members are able to receive technical assistance from the GATT secretariat if they so request.

I now turn to item 4: "Review of International Economic Relations", in order to try and make a modest contribution to your reflections on this subject, in view of the discussions that will begin on Thursday, 9 November.

In this context I would say that the second conclusion which appears to me to emerge from the experience we have gained and from the present status of our work is that, while taking care not to encroach upon the competence of the three main Committees with the risk of weakening their rôle, the time has come to start examining the problems of trade in both agricultural products and industrial products, as well as the specific problems of the developing countries, as a whole.

An examination of this kind, which would be a logical next step in the preparations, would embrace the various negotiating possibilities and options so as to enable, at the appropriate moment and across the whole field of trade relations, a decision to be made, as to the elements upon which the negotiations would bear.

Such an examination should be undertaken, therefore, from the commercial policy aspect.

Such an examination should also be undertaken in an appropriate framework, for example a committee for preparation of the negotiations, where the countries that have already announced their intention to negotiate, and the developing countries, both members and non-members of GATT, which have still to consider whether, when the time comes, they will participate in the negotiations, would naturally come together.

Moreover, an overall examination of this kind, embracing all the elements revealed by the preparatory work done in the various sectors, would offer the possibility of dealing effectively and in a concrete and practical manner with the specific problems of the developing countries, the steps that should be taken to solve those problems in terms of exchanges of goods, and the most satisfactory way of taking into account the trade interests of those countries during the negotiations.

Finally - and this seems to me to be very important - an overall examination implies that it will be necessary to define progressively and in increasingly precise terms the principles and objectives of the negotiations and the time framework in which they might be held.

It will now be for governments to prepare themselves to take the necessary political decisions in the coming year that will enable them to embark on new trade negotiations. The scope of these negotiations will be all the wider in that the trading nations will also be called upon to draw the consequences from the changes taking place on the international trade scene and to prepare the way for the readjustments in trade relations that will be necessary in the coming years.

There is another matter to which the CONTRACTING PARTIES, in the light of developments, will probably wish to devote their attention at this session, namely the renegotiations which, following the accession of three countries to the EEC, are called for under Article XXIV of the General Agreement.

The suggestions I have made are within the limits of what can be realistically undertaken now. They represent a logical next step in the progression toward the 1973 negotiations, and in the operation of the GATT and its provisions.

L/3766

Page 4

Permit me to express the hope that your discussions will have as their principal objective to enable the twenty-eighth session to give direction to our future work.

In conclusion I would say that I believe we are justified in being cautiously optimistic. There are difficulties, of course. But great opportunities are now open to the trading nations and they must make sure that they do not let them slip.