

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.24/39

6 December 1967

Limited Distribution

CONTRACTING PARTIES  
Twenty-Fourth Session

Original: English

## REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement Delivered by H.E. Mr. T. Swaminathan,  
on Behalf of the Minister of Commerce, India,  
on 22 November 1967

Twenty years ago, after the dust and smoke of the Second World War had settled down, the General Agreement on Tariffs and Trade was negotiated. This gave concrete expression to the realization by the world community that the world had become greatly inter-dependent; that economics and politics were more closely linked than had been accepted before; that economic and trade policies could no longer be national, to the exclusion of a wider outlook; and that if there was to be peace in the world based on friendship and co-operation, economic and commercial policies, like foreign policies, had to be systematized, based on some practical idealism, some objectives and some means of achieving these. The cataclysms of the depression of the 1930's and of the Second World War had been very wasteful of resources and human effort and could not be allowed to be repeated.

The tariff negotiations of 1947 accompanying the signing of the GATT already achieved substantial tariff reductions and an opening of markets - particularly in the North American continent - to the products of the industrialized countries which were rapidly building up their shattered economies and needed export markets to pay for their reconstruction.

Quite soon, in 1954, on the basis of experience of the working of the General Agreement for seven years, the entire Agreement was reviewed and made more suitable for the situation then prevailing. One of the significant advances made in 1954 was the recognition of the new emerging problems of the developing countries. Additions were made to the preamble to highlight these problems and to give attention to them in the definition of objectives. The new Article XVIII took cognizance of the need to make provision for dealing with some of these problems.

The inauguration of the development decade by the United Nations General Assembly brought to the forefront the urgency of the problem of the developing countries. Much thought has been given to this matter. Many speeches have been made, embodying these thoughts. Many sincere efforts have been made by many people, in many organizations and on many fronts to deal with this problem. It would be unfair not to recognize this realization and this effort. But the pace at which the problem is being resolved is not satisfactory. This is conceded almost universally. The problem remains as acute as ever, partly because of its own magnitude involving almost two thirds of humanity and requiring expenditure and investment on a very large scale indeed; partly because of genuine difficulties in making adaptations in the economic structure and policies of some developed countries; and partly because of powerful sectoral pressures which resist changes which appear to threaten their immediate and, in many cases, short-term interests.

Let us look at the problem of the developing countries in broad terms which will be understood by the common man. Take a community or neighbourhood in which a number of affluent upper middle-class families live. In this community or neighbourhood there may be a few not so well-off families living lawfully in much less impressive dwellings. The affluent families feel - and rightly feel - that this spoils the neighbourhood and creates frictions. There are two ways of dealing with this problem. One is to forcibly evict and send away the poor families and raze down their unimpressive dwellings. This would be, if I may say so, the unrefined, unsophisticated, animal way of dealing with such a problem. In the light of our experience in some areas of the world, this kind of solution breeds further hatred, fears and tensions. It also debases the affluent families themselves, making them a closed-in, inward-looking society, hugging its privileges and prejudices, unwilling to share its benefits of education and human development with others less fortunate. Surely the better solution would be to give the poorer sections also the opportunities to build themselves and reach the standards of the affluent families in a reasonable length of time. This, of course, is the hard way. But this would be a rewarding way and would lead to co-operation, goodwill and a flowering of all that is good in human nature. It would also evoke in the families helped, a spirit which would make them help others still struggling for advance.

This is very similar to the problem of the developing countries. After all, the world is now a community or a neighbourhood. And problems affecting a few areas in the beginning soon affect many different countries in the world in a way which was not realized in earlier years to the extent that it is realized now. Whether it was the depression of the 1930's or more recently, wars, official or unofficial, declared or undeclared, in any part of the world, the effects are catastrophic to many countries who are not themselves directly involved in these conflicts. Similarly, the discovery of oil in a new area results in good to that area in some ways and has wider effects. Again, the discovery of a new chemical or a new technique leading to the production of a synthetic or substitute material has profound adverse effects on many countries depending largely on the

exports of certain products. These effects have to be counteracted. Would it not then be wise to consider as the most important problem of the second half of the twentieth century from now on, the bridging of the economic gap between the developing and the developed countries which is widening, thanks to stagnation or even a retardation in the developmental progress of developing countries and to rapid technological advance in the developed countries.

Since 1958, there has been much activity in the CONTRACTING PARTIES in regard to the solution of the problems of the developing countries. There has been a so-called Committee III which pioneered the work in identifying and suggesting solutions for these problems. After 1961 there was the Action Committee. And later a whole new Part has been added to the General Agreement to deal especially with these problems. These are not minor achievements. That the developed countries, members of the CONTRACTING PARTIES, also participated in all these activities and spent much time, thought and effort in all this work, has proved that the developed countries are not only aware of these problems but are sincerely desirous of solving them. What has been wanting is achievement, related to time. In this space age and with the technological and economic gap between the developed and developing countries rapidly growing, what is needed most urgently is a push and a thrust to achieve results and in quick time. Without this achievement there would be grave danger of spreading economic and political instability and increasing tensions, unrest and perhaps, even wars.

The solution of the problems of the developing countries needs action on a very wide front and in many forums. The General Assembly of the United Nations, ECOSOC, UNCTAD, the International Bank for Reconstruction and Development, the International Monetary Fund, the Food and Agriculture Organization, the World Food Programme, the International Labour Organisation, the World Health Organization and, of course, last, but not least, the CONTRACTING PARTIES to GATT are each and all involved in their particular ways in the world effort towards solving these problems. Evolving changes in techniques and methods are, of course, important. But the progress made in this way will be necessarily slow. Therefore new ideas, new concepts - in fact, unorthodox and untried ideas and techniques - I forbear from using the hackneyed expression of "revolutionary" ways - have to be devised and utilized. Ideas and concepts have to be put out in several forums. What does not succeed in one forum may succeed in another. When the ideas have crystallized, then implementation has to be taken up by the concerned agency or organization. There has to be co-ordination and supervision. Considering the magnitude and the urgency of these problems, there should not be an undue apprehension of what is called duplication. Certainly limited available resources should be put to the best possible use. There should be no waste and there should be no real duplication. But as I have said earlier, particularly new thoughts and ideas have to be put out, discussed and crystallized in many forums in order to achieve success. Once this crystallization has taken place it would be practicable to parcel out

the implementation to different agencies and organizations depending on their jurisdiction and their competence. There need obviously be no rivalries or conflicts in dealing with these problems. What is important is not who will do something, but that something should be done and done quickly. In our present situation there cannot be too much done for pushing and accelerating the process of development of the developing countries.

We realize that this process would necessarily involve the continuing prosperity and consequent generation of resources in the developed countries which can be put to work in bringing about development of the developing countries. It is well-known in economic history for countries with adequate resources to lend or invest in countries which have untapped natural resources and large markets so that the developmental process is accelerated. When this is done, however, the question of repayment or returns on investment arises. The 1947 tariff reductions in North America to which I have referred gave the opportunity to reconstructing European countries to pay for their reconstruction and development to their North American creditors in goods and services. Something similar, but something special and spectacular has to be done quickly for the developing countries so that they may also be enabled to pay for their development in goods and services. There has been much development finance assistance made available which needs to be recorded and greatly appreciated. But the very size of the problem and the increasing difficulty that is being experienced in finding extra resources with which to finance development, as also the very heavy burden of debt servicing which is already being faced by several developing countries make it imperative that a great deal more is done in the field of trade. Aid and trade have to play a complementary rôle in financing this huge undertaking. From the Kennedy Round of tariff negotiations the developing countries have received some benefits. But these have been less impressive than the spectacular bringing down of trade barriers in fields and sectors in which the developed countries are particularly interested. The CONTRACTING PARTIES have to think of the next tasks which the organization has to tackle, not only towards the fulfilment of the objectives of the General Agreement but also to renew and reinvigorate itself. It is in this context that I would venture to suggest that there should be special attention given to the quick achievement of considerable practical results in the field of promoting the development of the developing countries. For this, instruments in the field of commercial policies and execution have to be devised and procedures for the use of these instruments have to be quickly worked out and applied. A new way and a new spirit should inform these procedures. There should be no longer the kind of confrontation that one has been used to in some of the consultations, panels etc. in the past. There should be no techniques of attack - direct or indirect - and defence. There should be an application of minds to the common concern of the CONTRACTING PARTIES namely, the achievement of the rapid economic development of developing contracting parties. In this effort much time could be saved by utilizing material available with other agencies and organizations who have worked on these problems and assembled data, statistics and information. There can be much cross-fertilization of ideas not only in regard to concepts but also in regard to implementation by continuous mutual consultation and

co-operation with other agencies and organizations. What is needed is, the mounting of a massive offensive on the problems of the developing countries. The developing countries can help themselves and one another in many ways. And already some developing countries who are on the road to development are doing their best to help others who have made a later start. All these efforts have to continue and have to be greatly intensified.

Officials and experts have discussed these problems many times. They have, even during this session, at the beginning, discussed these matters. Several declarations have been made. At the end of the Kennedy Round the remaining tasks of the CONTRACTING PARTIES have been spelt out. Recently a large number of developing countries met together and put out a full case and a detailed description of the problems of the developing countries which need urgent solution. They have also made some suggestions. I myself had the privilege of taking part with several ministerial colleagues from developing countries in this effort. At the end of our own deliberations here it is very likely as is customary that another declaration will be issued, spelling out the preoccupations of the CONTRACTING PARTIES and a work programme. In the light of all this I would not weary CONTRACTING PARTIES with any list of our problems which need urgent solution. I have stressed sufficiently the urgency of the problems which is something with which developed and developing countries will have to deal each to the maximum possible extent within their competence and capacity - in fact even more than their capacity in many cases, by the adoption of new, untried and unorthodox ideas and methods.

I make no apology for harping on the problem of developing countries which are, after all, only one part of the work of the CONTRACTING PARTIES. I come from one which has 510 million inhabitants living at the verge of subsistence but nevertheless making heroic efforts and tremendous sacrifices towards providing a massive contribution to their own development, with a view to making for themselves and their fellow men, and for their children and their children, a better and a fuller life. I have the honour to be one of the elected representatives of my countrymen in our Parliament. You will readily appreciate why I am obsessed with the magnitude and urgency of their problems and why I am impatient and in a mighty hurry to find solutions. We are all looking forward to the second UNCTAD Conference at New Delhi where we are hoping that there will be purposeful negotiations in regard to a number of important problems with a view to initiating urgent action to secure practical results. During the Conference and in these tasks it is my expectation and my hope that the CONTRACTING PARTIES will be represented and will make the maximum contribution which they can make, collectively as well as individually.

I shall close by congratulating the CONTRACTING PARTIES on twenty years of intense and devoted work which has made the world a more civilized place in which to trade and by congratulating the Director-General who has been with the organization since its start. His qualities and his ability have been universally recognized and widely applauded and I am sure I am reflecting the thoughts of all my colleagues when I thank him for his work and pay tribute to him. I have every hope and expectation that the organization of the CONTRACTING PARTIES will apply its knowledge, experience, expertise and known efficiency to tackle these new tasks with energy and vigour with a view to achieving practical results quickly.