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REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by The Hon. Mr. William M. Roth, Special Trade Representative, Executive Office of the President of the United States, on 23 November 1967

Five months after the completion of the Kennedy Round, it seems strange to be here in Geneva again discussing our mutual problems in trade. But perhaps it is not so strange when we appreciate the two-fold nature of our pilgrimage. We are here first to celebrate the past and secondly to map the future.

The past is the expanding flow of trade throughout the world under the aegis of the GATT. The past is a series of trade negotiations which has immeasurably reduced the barriers to world commerce. But, above all else, the past is the leadership of Eric Wyndham White, the Director-General of this great institution.

A great deal has already been said both in this room and others about the achievements and contributions of the Director-General. Let me add as simply and shortly that I would like to record the deep gratitude of the United States Government to Eric Wyndham White for all that he has done both for our country and for the world over the period of his devoted service. Let me say on a personal basis - as many of my colleagues here could do as well - that without his firm hand, his intuitive sense of timing and his magical compromises, the Kennedy Round in those last desperate days and hours could have failed - and failed miserably.

So much for the past, the Director-General would be the first, I believe, to say leave off praising our history, let us discuss the present and more particularly the future - both immediate and in the longer run. GATT after all should be the place to work. What, therefore, is our future?

First, we must take all practical measures to implement fully the results of the Kennedy Round. In this respect I can report that the United States Administration intends, within the near future, to send the American Selling Price package to the Congress for its consideration. We have now signed the International Grains Arrangement, and are this week readying that for consideration by the United States Senate.

On 1 July we expect to implement new regulations consonant with the recently negotiated anti-dumping code. Finally this coming 1 January, we expect to implement the first stage of the Kennedy Round concessions and to implement without staging concessions on a number of products of interest to the developing countries.

It is essential that all our negotiating partners also move ahead to full implementation as rapidly as possible.

But there is another aspect to implementation - the negative side. This is the need for all contracting parties firmly to resist the internal pressures each of us face, for restrictive trade measures. These pressures exist in the United States - as you know full well - but it is, as I hope you also know, the firm policy of the President and his Administration to oppose these efforts strenuously, firmly and continually. As you probably have noted in the press within recent weeks, enlightened and influential industrial and agricultural groups are already mobilizing strongly in support of our position. But I would mislead you if I did not acknowledge that we shall continue to face a difficult period in coming months, and indeed, throughout 1968.

I am convinced that we can win this battle for expanding world trade. We believe that the American people will not permit the destruction of a trade policy which has benefited them so well for so many years. But we are not alone in facing such external pressures. Protectionism is endemic in all countries. All governments must be equally firm in resisting the demands of special interests. The trade of my country has suffered in recent months from restrictive devices in other countries. Trade protectionism, like many sicknesses, is highly contagious.

Now for the longer future - we all recognize I believe that no major country is prepared so shortly after the Kennedy Round to embark on a major trade initiative. Neither do we believe, however, that we can cease the pursuit of expanding world commerce. In my country, therefore, we have already initiated a trade policy study to gain better understanding of the remaining problems we face. Others are undoubtedly doing the same. Our work in the GATT in the months ahead, accordingly, should be directed towards complementing and phasing together these individual national efforts. We need a live and active forum in which our individual trade concerns can be examined in their global context.

The questions we all must study are varied and complex. Let me mention a few. First - non-tariff barriers. As tariffs are reduced, these barriers take on an increasing significance. Indeed they are already a matter of sharp concern to most of us.

We think the first need is for an inventory of these restrictions. We do not yet have sufficient understanding of their scope, their significance and their intricate workings. But a useful examination will require positive effort by all nations, because many of these restrictions relate to basic national policies and practices. When this inventory is complete, the CONTRACTING PARTIES should analyze their trade effects and examine various possible negotiating techniques which might be applied to them. In the United States preparations of such an inventory is already underway.

Agriculture is another area of major and increasing concern to us. It is widely recognized that trade liberalization in agriculture has lagged behind that in industry, and that the problems we face are complex and have deep social and political content. In most countries farm incomes are only half those received by workers in other economic sectors. To boost incomes governments intervene with price and income support policies, and this in turn has a serious impact on trade. We know it will not be easy to deal with problems involving sensitive elements of national policy. Nevertheless, they must be tackled. We therefore support the idea of establishing an agriculture committee.

But, there are also immediate and specific problems before us. The Governments of New Zealand, Australia, and Denmark have mentioned one of them - and there are others as well. These critical matters pose a challenge which the GATT cannot ignore. We must find new ways and perhaps more flexible means of dealing with them as they occur. But I also believe that solutions to individual problems must be sought in the light of our longer range goals.

In placing the emphasis I have on non-tariff barriers and on agriculture, I do not mean to imply that import duties on industrial products are no longer a problem. That is definitely not the case. There are still many products on which tariffs are serious obstacles to trade. Before the next step forward, we must analyze the level and structure of tariffs which will remain after the Kennedy Round. But we shall also explore new techniques with energy and imagination, including the possibility of dismantling tariff and other trade barriers within individual industrial sectors on a world-wide basis.

Another serious problem area is the relationship of countervailing duties and subsidies. The United States has already raised this question in the Plenary under Agenda Item 16. At that time, we emphasized that it was essential to undertake a broad ranging examination of all aids to exports along with countervailing duties, since one could not be considered in isolation from the other.

We are very much concerned about the consequences of conflicting policies and practices in this area, both in agriculture and industry. This broad and complex area of fiscal adjustment is filled with danger for all of us where practices conflict. If order is to be brought into this field, we must have a clear idea of the nature and effects of these rapidly expanding practices, their relation to one another and to the rules by which we carry on our trade.

Finally, GATT must now work - and work hard to find new ways to help the developing countries expand their export earnings. The developing countries will, of course, realize substantial benefits from the Kennedy Round, especially as their exports of semi-manufactures and manufactures begin to expand. But, their main problem at this time, and for several years ahead, must be in the area of exports of primary products. Difficult as it may be, the developed countries must work - must work to provide expanded opportunities in their markets.

In this connexion, we must also recognize that the problem of expanding exports of the developing countries is by no means only a problem of eliminating barriers to trade. Equally as important is the need for developing countries to produce at competitive prices the kind of products for which there is a demand in world markets, and to market these products effectively. The GATT International Trade Centre, working with UNCTAD, can play a very constructive rôle in the marketing area, and we strongly support the work of the Centre.

Later, after further broad discussions in other forums among interested countries, the GATT will be called upon to deal with the possibility of a general system of preferential access to developed countries for the exports of developing countries. My nation has joined with a number of others to explore the feasibility of such a preference system, and of some of the principles which might be embodied in it. Eventual consideration of such a system of general preferences by the GATT will be one of the important tasks before us.

The work of the GATT will not, however, be confined only to the issues we can now foresee. New problems will undoubtedly arise from time to time and we shall have to work together on them. One possible difficulty may arise out of the plan of some of the important trading countries in Europe to make significant changes in their tax systems. These will increase their border tax adjustments. We are seriously concerned as we have indicated before, that these adjustments in certain cases adversely affect our exports. Should these fears prove, in fact, to be justified, we would expect to take up this matter in accordance with normal GATT procedure. If it becomes evident, in the coming months, that there is a general multilateral problem here, it might then become advisable for the CONTRACTING PARTIES to give this kind of problem their attention.

There are of course basic, continuing questions which require perhaps an even broader outlook than we have traditionally taken in the GATT. For example, the expansion of world trade must be accompanied by continuing improvement in the income of workers and in the working conditions of labour. We must recognize that unreasonable labour conditions, particularly in production for exports, create serious difficulties in international trade. This is an area which the CONTRACTING PARTIES might wish to explore jointly with the International Labour Organisation.

So much then for the future work of GATT. If there is perhaps an underlying theme that may be developing in our consultations over the last several days, it is that the trading nations of the world must press ahead - patiently and imaginatively into an even broader expansion of world commerce. To do this, we need both within our individual countries and within the GATT to analyze, in general and in specific terms, the complex and deeply rooted barriers to trade that still exist. We must not use the words "general studies" to mask a failure to grapple with immediate and specific problems. Neither, however, can we forget that underlying the various complexities of trade there lie basic questions of policies that must be understood to be improved.

We learned I think in the Kennedy Round how much intensive work was necessary before those final months of negotiations. Let us build then on that experience, and do our work thoroughly and well, in a positive and constructive spirit, so that the world may hold what it has now gained, and move forward with new vigour in the years ahead.