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REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by H.E. Mr. Iskandar, Ambassador
Extraordinary and Plenipotentiary of Indonesia
on 23 November 1967

This special meeting of the GATT at the end of the twenty-fourth session of the CONTRACTING PARTIES is a historic occasion as we are assembled here to commemorate the twentieth anniversary of this organization. On this occasion we will embark upon a review of the work of the CONTRACTING PARTIES and consider substantive matters relating to the course of action to be pursued during the years ahead, and the formulation of our future programme.

During these two decades GATT has evolved to become an important instrument in the making of international commercial policies and in the application of a rule of law in world trade. It has significant achievements to its credit. This is to a large extent due to the efficient work done by the secretariat under the leadership of the Director-General, Mr. Wyndham White, who has served extremely well during his twenty years in office. On this occasion the Indonesian delegation would like to pay high tribute to him and extend our gratitude for all he has done.

It will be recalled that the GATT came into existence in the early post-war years. The international community was then faced with the need to bring order into the world economy and to normalize the trading relations among nations. The Havana Charter was conceived at that time, constituting in fact the first code of rules on international trade ever adopted. The establishment of an International Trade Organization was called for. However, controversies arose on the question of an International Trade Organization. Hence, the General Agreement on Tariffs and Trade came into being, as the countries concerned agreed to pursue the work relating to the negotiations on tariff concessions as mentioned in the provisions of the Charter.

During these two decades, GATT has gained in strength as it provides the contractual framework for tariff reductions and bindings, and became an important forum for consultations. The major trading nations in the world achieved considerable progress at an accelerated pace, as the tariff walls were being lowered and national policies moulded to the requirements of the world economy. Tariff negotiations and the granting of concessions, on the basis of reciprocity or quid pro quo principle and most-favoured-nation clause, were the key elements in international trade policy matters. The recent achievement made within GATT was the successful conclusion of the Kennedy Round of Negotiations in June of this year. It is expected that the widespread tariff reductions in industrial products would give a powerful impetus to the further development of world trade.

After the numerous achievements made throughout these years culminating in the massive success of the Kennedy Round, the question often raised is whether GATT has indeed exhausted all the possibilities and that it could now take a relaxed attitude in the field of international trade co-operation. To take such a relaxed attitude would, however, be a grave mistake, as there are still many problems and very urgent ones waiting for their solutions. A great task is still to be undertaken requiring the largest measure of effective international co-operation.

This task lies in another direction, in other spheres or sectors of the world economy. It concerns and affects the largest part of the world community, namely the developing world comprising more than seventy-seven developing countries. When GATT came into existence twenty years ago, most of those countries were then still colonies or still engaged in a struggle for political emancipation and independence. Now, after their appearance on the world scene as independent and sovereign nations, participating in the international organizations such as the GATT, it has become urgent that the attention of the world community be turned to those countries and the manifold problems they are facing.

This decade has been designated by the United Nations as the Development Decade. We are now nearing the end of this Decade, and yet we are still far off from the modest targets set to be achieved during this ten-year period. It is a serious and deep-rooted problem. It is not only a strict commercial question, it has its vast implications. It has its social, economic and political undertones and consequences. The developing world is a restless world and they are under increasingly hard pressure to achieve progress for their teeming millions. Of course, they themselves have made mistakes in the past but they will stand up again and continue their struggle for economic emancipation. Surely, the more advanced nations cannot afford to stand aloof on this question; there is too much at stake.

As far as my country is concerned, we, in Indonesia, are now fully committed to march ahead and to exert all our strength to achieve our objectives for political and economic stability. Drastic measures are now being introduced to combat inflation and to rehabilitate the economy. It is an up-hill fight against many heavy odds, but we know that we are now heading in the right direction and we are fully determined to achieve our goals. We will not be shying away from seeking advice and co-operation from the international community of nations and we are grateful for their positive response.

Now turning to the question of multilateral channels or rather the international institutions, the Indonesian delegation recognizes that various questions on international trade could not be solved strictly through bilateral channels. They are to be processed through different procedures and considered in a wider forum and in a larger context, such as the question of tariffs and non-tariffs and other commercial policy matters. Here lies the importance of the multilateral organizations, such as the GATT and the UNCTAD.

Considering the magnitude of the problems involved in the economic development of the developing countries as a whole, the international organizations including GATT are now all called upon to exert serious efforts so as to ensure that international action will be forthcoming to assist the developing countries in their economic struggle. The emphasis is now on the formulation and implementation of action-oriented programmes which could give immediate results in concrete terms.

In this regard it is fitting, I believe, to make references to the historic meeting recently held at Algiers by the Group of 77 Developing Countries in preparation of the Second UNCTAD to be held in New Delhi in about three months' time. A highly important document came out of the Conference spelling out the measures, the developing countries believe, should be undertaken by the international community. It is a highly constructive document, realistic in its approach and modest in its requests. It constitutes the basic platform of the developing countries in the wide field of trade and development.

Considering that the Second United Nations Conference on Trade and Development is going to be held shortly, the question is as to what could be done within GATT at this stage.

As I have pointed out earlier, the magnitude of the problem on trade and development is so big and so much is still to be done in this field, that it must be tackled on all fronts and in all forums with clearly defined objectives

within a general framework of a policy on trade and development. It has been argued that the GATT is a suitable instrument only for dealing with trade problems among the industrialized countries and, hence, considered as a "rich man's club". It is recognized, however, that this institution has meanwhile grown in membership and that the developing countries now form the majority in GATT. Beginning with twenty-three, the number of contracting parties has risen to seventy-six. The recent accession of Poland is also an event of special significance, as another link is being forged with the socialist countries of East Europe towards the creation of a wider trading community.

There has undoubtedly been an evolution in GATT and this institution could also become a prime factor in the joint efforts needed in the field of trade and development. An important milestone was marked in 1958 with the introduction of a report on Trends in International Trade, known as the Haberler Report. This has brought about a significant change of orientation towards a more adequate recognition of the unsatisfactory position of the less-developed countries in world trade. A Programme for the Expansion of Trade was then initiated and a Programme of Action conceived. In 1965 a new Chapter IV was included in the Agreement. At one time it was sincerely hoped that the Kennedy Round of Negotiations would be the culminating point of the efforts made within GATT to ensure greater access for the products of the less-developed countries through the elimination of the tariff walls in the major markets. But unfortunately that was not the case.

As an illustration we could point to tariffs as high as 23.5 per cent and with an average of 15 per cent for a group of important commodities of vital interest to the producing developing countries. Furthermore, the progress achieved on all sorts of non-tariff devices is practically none; the internal charges remain as high as ever and for certain products variable taxes are being levied while protective measures have often been intensified.

In view of the high tariffs and the various non-tariff barriers still existing for a large number of products of particular interest to the developing countries, it is evident that the problem of access to markets is still unresolved. We do not, therefore, see the reason why no new initiative could be taken at the present moment, as some contracting parties suggest. On the contrary, it is imperative that further advances be made and new initiatives taken. This point of view has been clearly stated by the developing countries at the end of the Kennedy Round, and I quote:

"The developing participating countries urge that appropriate steps be taken to arrange for negotiations and other action at the earliest possible date during the current year, within the framework of GATT, with a view to reaching agreement on these outstanding questions, having regard, in particular, to the 1963 and 1964 GATT Ministerial Conclusions and Resolutions as well as the provisions of Part IV of the General Agreement."

A new machinery for negotiations may well be required as pointed out by the distinguished delegate of Peru yesterday.

While we do agree that a machinery for making studies should be established or reactivated, such as the Special Group on Tropical Products, the emphasis of work should be directed to initiating action. After so many years of thorough discussions in this forum and in other organizations, the problems are well identified. If indeed further studies or analysis are required on particular issues, target dates ought to be established for the completion of such studies. In any case the work to be undertaken in the coming years should be fully action-oriented and which could generate concrete results. As I have stated earlier, the problems of the developing countries need urgent action on a national and international scale since they have their social and political implications and involve the fate of such a huge and restless segment of the world's population.

At the opening of this twenty-fourth session the Indonesian delegation has submitted seven key points for the inclusion in our work programme, namely: (1) the binding on zero on products now already enjoying free duty; (2) the elimination of low tariffs of up to 10 per cent, particularly in the case of primary products; (3) the advance implementation of the concessions given in favour of the developing countries within the Kennedy Round for all products and embracing all developed countries; (4) the duty-free entry of tropical products; (5) the elimination of duties for industrial raw materials; (6) effective solutions on import restrictions and other non-tariff barriers such as internal taxes and levies, and; (7) modification of agricultural policies in the advanced countries.

The Indonesian delegation further supports the suggestions made for the re-classification of tariffs to facilitate the elimination or reduction of tariffs for the products in question. We are also of the view that the tariff

situation of semi-processed and processed products be radically changed to provide new trade opportunities and to promote the establishment of processing industries in the developing countries.

For an increasing number of less-developed countries the exports of manufactures and semi-manufactures have become progressively of significant importance, in line with the need for diversification of their export trade. It is the sincere hope of the Indonesian delegation that the scheme for a general system of preferences on a non-discriminatory and non-reciprocal basis will be successfully negotiated at the second UNCTAD. I am confident that the GATT could play an important rôle for the early implementation of such an agreed scheme.

The Indonesian delegation greatly welcomes the advances made towards the closest co-operation and co-ordination between the GATT and UNCTAD, especially in view of the coming conference to be held shortly in New Delhi and in the light of the results to be achieved at that conference. Within this context we firmly support the establishment of the Joint GATT/UNCTAD Trade Centre. The question of trade promotion is of preponderable importance to enable developing countries to take advantage of new trading opportunities and to develop their export potentials.

It is recognized that the problem of trade and development being dealt within UNCTAD comprises a very comprehensive field and has its numerous aspects. In this statement and in this forum the Indonesian delegation has confined itself to one aspect of the problem, namely the "volume approach" pertaining to access of markets as an important element of commodity policy. It is also realized that this question is closely linked with the problem of the existing trading system based on special preferences on an exclusive basis. On this issue, the Indonesian delegation wishes to stress and emphasize again the importance of the principle of a multilateral system of trade embracing all developing countries on the basis of non-discrimination. We are confident that practical and concrete solutions will be forthcoming for those who are now linked to the existing trading arrangements, so that we could move ahead towards the elimination of all tariff and non-tariff barriers hampering the trade of the developing countries as a whole and that we could make progress towards a multilateral system to the benefit of all developing countries. Such a system would give greater benefit and larger opportunities to all, the developing and the developed countries alike.

In conclusion, the Indonesian delegation would like to express its appreciation for the constructive statements made by a number of representatives of developed countries assuring us that their governments are taking a positive attitude on the manifold problems confronting the developing countries. Whatever could be achieved at this session, we do know that the second UNCTAD in New Delhi will provide another great opportunity to continue the dialogue between the developed and the developing countries with a view to determining the general strategy and the formulation of concrete and practical solutions in the comprehensive field of trade and development. It is recognized by all that the time of confrontation is over; what we need now is a genuine co-operation among all members of the international community. The challenge and the focal point of our time is the economic and social emancipation of all mankind and to narrow the existing discrepancies in their standards of living. The international community cannot afford to stand aloof on this question and joint efforts are needed moving on all fronts to make a massive assault on this problem. My country puts its faith in the genuine desire of all concerned for the promotion of such international co-operation and action in facing this challenge of our time.