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REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by H.E. Mr. Olavi Salonen,
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of Finland, on 23 November 1967

When celebrating the anniversary of an organization, it is usually tempting to emphasize the achievements and to overlook the shortcomings. Genuine satisfaction with the past twenty years of GATT should, however, not mislead us into believing that nothing more could have been done. Nor should the shortcomings in the past twenty years mislead us into believing that nothing more can be done.

Before attempting to identify areas for future action, I should like to make a few comments on the trade negotiation concluded in this twentieth year of GATT's existence. Criticism has been voiced because all the expectations were not met. My Government is fully aware that the results achieved differ widely from area to area. This should, however, not be a cause for frustration, but rather a challenge, quite as the successful outcome in some areas should not be a cause for self-satisfaction, but for inspiration to further efforts. It is clear that the Kennedy Round negotiations, taken as a whole, were the most successful attempt so far to lower barriers to world trade. Nevertheless - to transpose the words of a well-known Statesman - "This is not the end; nor is it the beginning of the end; it is just the end of the beginning".

The steady progress and solid achievements of this organization would not have been possible without the determination and wisdom of our Director-General. We are all greatly indebted to Mr. Eric Wyndham White.

When considering the orientation of the future work of our organization we should, I think, take as a starting point the knowledge and experience gained in the Kennedy Round. This means not only that we should safeguard and consolidate what has been accomplished but also that our organization now will have to tackle increasingly difficult problems. I feel that our experience and solidarity will simplify this task.

Having said this, let me recall that some of the difficulties and frictions of the Kennedy Round might have been avoided if we had been better prepared. Even if it might not be realistic to imagine that we can launch a new major trade initiative right now, or even in the foreseeable future, this is certainly the time

to start exploring relevant matters and ideas. A first step could well consist in undertaking an objective analysis of the situation which will emerge when all the Kennedy Round concessions have been fully implemented. A parallel step would, in my opinion, be to prepare ground in member countries, politically as well as economically, for the initiatives of the future. The most important thing to do, however, is to examine, starting now and here, the different constructive and imaginative proposals made at this twenty-fourth session of the CONTRACTING PARTIES.

Let me, therefore, Mr. Chairman, briefly turn to some of these proposals.

In considering the possibilities and, indeed, the necessity, for further trade liberalization in the industrial field the Finnish Government welcomes the idea that an identification and examination be carried out of the sectors where conditions of production and trade seem to point most logically towards complete freedom of trade. We feel, however, that a sector approach does not necessarily have to aim at a complete abolition of duties at once, but that world trade could usefully be expanded also by adopting a more limited approach, that is, to study whether and to what extent it would be possible to reduce tariffs in some sectors. It is my opinion that such studies should include forestry products as one appropriate sector. In this respect, I should like to give my full support to my distinguished Canadian colleague.

Some members may have legitimate reasons for discontent with the achievements of the Kennedy Round as far as agriculture is concerned, even if what was achieved was part of an overall bargain. But the important thing here, as in other fields of our activity, is to admit that to stand still means sliding backwards. I believe it is essential to carry forward the implementation of the GATT objective of further trade liberalization also in the agricultural field, as foreseen in the action programme. I hope this will be possible in spite of the obvious difficulties many countries would encounter in adjusting the level of their agricultural protection to the requirements of freer world trade. A bridge of understanding seems to exist here between diverging short-term interests. We could, and should, use that bridge by developing the GATT machinery dealing with these problems. Such a new machinery could make it possible to adopt a pragmatic approach to surplus problems existing in the agricultural field. I am thinking now specifically of the critical situation prevailing in the dairy market. Could a food-aid programme along lines similar to those approved for the cereals perhaps be envisaged for relieving pressure on the world dairy market? To be still more specific, I should like to suggest studies and explorations on the feasibility of another food-aid programme, based on milk powder.

The traditional trade pattern of my country includes mutually advantageous relations with countries with centrally-planned economies. We consider these countries as a vital part of the international trading community and we feel that GATT can contribute towards expanding the flow of international trade in this field as well. The Finnish Government thus welcomes the accession of Poland to the GATT and the participation of observers from Bulgaria and Hungary and Rumania.

Last but not least, Mr. Chairman, I should like to stress the importance which the Finnish Government attaches to the solving of the problems of the developing countries. This is not the place nor the time to reiterate what we have done in this field. I should instead like to state that our short-run task now clearly consists in helping the developing countries to exploit fully the new opportunities opening up for them as a result of the Kennedy Round. The GATT Trade Centre, soon to be operated jointly by our organization and UNCTAD, could become a useful means for the developing countries for taking full advantage of the new opportunities which are being created.

As has been said earlier in a joint Nordic statement, also Finland is willing to participate in a global action aiming at further liberalization and elimination of tariffs on tropical products and industrial raw materials of special interest to the developing countries. This task continues to deserve high priority in our common interest.

Furthermore it is the view of my Government that trade negotiations between the developing countries themselves is an important initiative, which merits serious consideration. The rôle of GATT in providing the machinery and necessary experience for this project is self-evident.

Finally, Mr. Chairman, I should like to state that, in the long run, we should look for remedies to the problems of trade and development both on the basis of Part IV of the General Agreement and within the framework of new multilateral undertakings aiming at a general expansion of world trade. This would benefit developing and developed nations alike. Finland is ready to participate fully in a continued review of ideas and suggestions towards this end.