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PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

Statement by the Representative of Argentina on 10 November 1967

For quite a number of years now, and more especially since the Panel of Experts appointed at the twelfth session of the CONTRACTING PARTIES reviewed the trends in international trade and kindred problems and prepared the report known as the "Haberler Report", the international community has been making increasing efforts to thrash out the issues of national and international policy hampering the expansion of world trade. More recently, the seriousness of the situation in many of the relatively less-developed countries and their meagre prospects in the light of certain constant factors, have brought about a new attitude of mind favouring a balanced and more equitable economic development for the various regions of the world. The problems have been analyzed more thoroughly, and a number of decisions have been taken which mark the beginning of a stage that many of us regard as of the utmost importance. This organization decided that it was equipped to play a practical rôle in keeping with these new trends of international economic policy, and we believed so too. It was in this context that at the beginning of the present decade we applied to become a party to the General Agreement on Tariffs and Trade. In all sincerity, we feel obliged to say that our hopes have not been fulfilled. We recognize that positive steps have been taken and that great efforts have been made to carry through this healthy transformation decided by the Ministries late in 1961, and confirmed and crystallized in 1963. But we have stopped half way.

To our way of thinking GATT, which was originally set up as an organ to conduct tariff negotiations, should in due course turn into a dynamic, forward-looking mechanism through which all the problems facing the international community in trade matters can be discussed and appropriate and satisfactory solutions can be found which will have real, practical effects implying the genuine political will of all the contracting parties.

The requirements of economic expansion of the world as it is today call for constant and vigorous multilateral action to bring about a gradual harmonization and a reasonable give-and-take between the various national interests. GATT should face this challenge boldly and resolutely, and continue to exert all its efforts to remove the trade obstacles standing in the way of economic expansion. If the solution to these problems means assuming contractual obligations, then it is imperative that GATT should likewise undertake to provide permanent opportunities for studying these problems and for discussing and deciding what joint or individual action may be called for.

Consistently with these views, we have from the beginning supported the vigorous efforts taken by our Director-General, whose lucid and precise thinking reflects an interest and a sense of responsibility not always shown by the governments themselves. Argentina accepts the challenge issued by Mr. Wyndham White in proposing a meeting at Ministerial level, and is prepared to give undertakings and to vindicate its views. We are convinced that GATT cannot sit idly by waiting for the limited results of the Kennedy Round to bear fruit, or for other organizations to establish new bases or chart new directions. GATT has responsibilities of its own, and possesses machinery which should be adequate for the solution of many of the problems facing us provided it is backed up by the resolute political will of all of the parties.

We firmly believe that the next high-level meeting should provide an excellent opportunity for taking stock of the situation, drawing certain conclusions from the valuable experience provided by the Kennedy Round, pin-pointing items and projects which have remained stillborn, and facing the task of formulating and implementing a new programme designed to liberalize international trade.

In the course of the informal meetings held in the past few days, we seemed to sense a hint of new efforts in the industrial sectors. We have no objection, but we should like to state quite categorically that if the stand taken finally puts the emphasis on this aspect of the problem, ignoring the sectors where the Kennedy Round was powerless to make any effective progress, GATT will once again have taken a wrong path. If that should happen, the countries which like Argentina are making tremendous efforts to establish, within the framework of the purposes and principles of GATT, the minimum conditions needed for a programme aimed at expanding and diversifying their economy by mobilizing all their resources, internal and external, would find their cherished hopes once more frustrated.

For this reason we feel that the outcome of this meeting should be a programme setting forth clearly all the problems still awaiting solution, so that when the time comes, machinery can be established which will make large-scale disarmament possible. We do not believe that tariff problems should be given pride of place or preferential treatment; rather, the problem of all the other restrictions combined should be so treated, for the problems of international trade in agricultural products and the satisfactory expansion of the economies of the developing countries cannot be solved on the basis of tariff schemes alone.

With the Kennedy Round over, the problems in this sphere are still as acute as ever. It is clear from the reports produced recently on the subject, including the report by the GATT secretariat itself, that the concessions granted so far have neither rhyme nor reason any more, since whereas great progress has been made in the way of tariff reductions on industrial products,

which are the ones of most interest to the economies of the developed countries, very little has been made in the direction of free access for those agricultural products, primary or processed, on the export of which many of the developing countries are dependent. International trade in agricultural products continues to be subject to violent fluctuations harmful to the normal development of both the export and the import markets. For many years now it has been impossible to establish with any degree of accuracy production plans based on probable exports, let alone to calculate the likely revenue. I hardly need dwell here on the very grave problems arising out of this situation for those countries whose foreign currency income - indeed their economic development itself - depends on exports of these products.

But there is another side to the problems bound up with the agricultural sector which I should like to stress. The international market is by its very nature highly competitive. But this is not what concerns us; nor do we wish to see factors introduced to change the situation. The point is that in the great majority of instances, the abnormal fluctuations in the market, whether in respect of volume or of price, are caused by the expedients introduced in application of the national agricultural policies of the major markets. In order to protect the level of income of their producers, most of the highly industrialized countries establish agricultural policies which actually tend to distort the markets. The perennial discontentment of the rural communities, both in Europe and in the United States, as reported periodically by the press agencies, would suggest that these policies have not produced the results expected of them, owing to the difficulty of guaranteeing producers a satisfactory return in good time. On the other hand, much harm has been done to the consumer as a result of the rise in the cost of living, the arbitrary periods of shortages or surpluses of supply, and the falling-off of domestic prices, which in one way or another have to be made up by budgetary allocations.

From all this no one comes out the winner, neither the traditional importing countries nor exporting countries such as Argentina, where these fluctuations have a detrimental effect on the standard of living and on the economy as a whole. Hence it is essential that we should embark at once on an important task taking account of the main problems arising out of the application of agricultural policies, including the excessive measures taken to protect industries engaged in processing primary agricultural products - a mere extension, after all, of the protection practices in the basic sector. The aim would be as far as is feasible and practical to meet the legitimate wishes of each of the parties, bearing in mind the natural conditions of production and the limits within which production can develop in a healthy manner.

With regard to tariffs, here again there are urgent and useful things to be done, without moving further afield into new activities. The Kennedy Round negotiations isolated and brought into focus a series of obstacles which stand stubbornly in the way of progress and expansion in the direction of tariff liberalization for the products of special interest to the developing countries. The Argentine delegation would like to single out two factors which it regards as highly important and calling for close examination in any new programme of international trade expansion which the CONTRACTING PARTIES may wish to establish:

1. The existence of preferential margins in the major European markets, based on contractual arrangements which hamper or preclude individual action (e.g. the case of European Economic Community/African countries, European Free Trade Association and the Commonwealth);
2. The national policies of protecting manufacturing industries installed in the major markets, as reflected in minimum duties, irremovable margins or other barriers.

In addition to these two obstacles which we regard as fundamental, the Kennedy Round brought out other drawbacks, not so general in character, perhaps, but affecting specific countries or sectors, e.g.:

1. Unduly general tariff nomenclatures, covering at one and the same time products exported by the industrialized countries and products exported essentially by developing countries. This generalization of tariff items has proved an obstacle to the granting of concessions for products characteristic of developing countries, since it brings the most-favoured-nation clause into play;
2. The limited number of participating countries, which in many instances has prevented concessions from being obtained when those were likely to bring particular advantage to non-participating countries;
3. Some industrialized countries have made concessions subject to the proviso that other developed countries should adopt similar measures for the same products;
4. The principle of reciprocity applied in negotiations between industrialized countries, which in the final analysis caused the removal from the definitive list of concessions of many products of real importance to countries like my own, especially in the agricultural sector.

With regard to grains, while considerable progress has been made, no proper arrangements have been made in the matter of guarantees of easier access to match the growth of consumption, or in respect of the ratio between trade in wheat and trade in feeding stuffs. We feel that this is due to the fact that there was inadequate preparation for the negotiations owing to the haste with which action had to be taken in the final stages. As everyone will remember, in the last few days it was perfectly clear what each of the parties regarded as a proper balance of negotiations or as essential points of agreement. It seems to us that GATT must establish a programme of action making it possible to revert to these topics, instituting a cycle of discussions and consultations so that at a convenient moment we can take up once again the negotiations originally envisaged by the Ministers, i.e. covering all aspects of trade and production in relation to grains. As a general approach, the assumption should be adopted that all parties agree to undertake commitments in regard to the appropriate aspects of agricultural policies, so that action to be taken will contribute effectively to the stability and development of the international grain market.

In the meat sector we also consider that adequate preparation is lacking for the stage of negotiations as such. We believe that not all interested parties have had an opportunity fully to realize the significance and importance of world-wide arrangements. Admittedly the international market for bovine meat is not affected by any pressure caused by world surpluses, but on the other hand these products are difficult and expensive to store so that any substantial fluctuation in a given market, whether in price or in volume, causes serious disturbances in the other markets. It is a well-known fact that there are appreciable differences in the implementing mechanisms of national agricultural policies which govern access and price conditions in the various import markets. This fact will have to be borne in mind in any discussion aimed at identifying the problems and establishing solutions. We believe that it would be feasible to envisage a series of partial measures within an overall scheme designed to restore stability in the international market and to promote consumption. We must not forget that in the case of bovine meat there are localized problems that require urgent solution. The parties concerned should initiate as soon as possible on a programme of consultations and discussions with a view to finding adequate solutions to these problems, and at the same time consideration should be given to other concurrent measures which, though less urgent, are nevertheless essential for an overall solution in the longer term.

As in the case of bovine meat, we believe that solutions can be found to the serious problem of trade in dairy products, by carrying out a set of partial measures covering the most urgent aspects. Such measures could then be supplemented by others designed to afford a long-term solution. Argentina is not one of the major exporters of dairy products so that it must leave to other parties with a direct interest the initiative of proposing whatever programme of action they consider most suitable. We wish, however, to express our interest in participating in the discussions and contributing to the solutions that result from them.

We have dwelt at some length - perhaps unduly so - on the development of our thinking in regard to some of the problems that are most significant for our country, and on which no adequate solution was reached in the GATT's most recent major effort towards the liberalization of international trade. We have done so, however, because we believe it necessary for each one to be as fully aware as possible of the thinking of the others, so as to be better equipped to strive in common towards a realistic solution of the problems before us.

The Director-General has requested us to express clearly and concisely our ideas concerning the future programme of action of our organization. This appears to us to be an excellent proposal; and we shall therefore do so now in the hope that our ideas may be considered as a valid contribution towards the more specific discussions that are to take place at ministerial level in the closing stage of this twenty-fourth session of the CONTRACTING PARTIES.

With respect to the agricultural sector, our suggestions are as follows:

1. To resume discussions on all products, whether primary or processed, according to the procedures appropriate for each particular case, in order to identify the elements responsible for the particular circumstances of international trade in each of them.
2. As a consequence of the foregoing, to establish consultation groups, comprising an appropriate number of countries, in order to discuss possible solutions for each situation or individual sector.

With respect to grains, such discussions should cover the following major topics:

- (a) Relation between prices of wheat and of feed grains;
- (b) possibility of greater stability in the market for feed grains, and consequent agricultural policy measures;
- (c) significance of the various elements of agricultural policies for present and future access levels;
- (d) possibilities for joint action to ensure increased access and stability for feed grains.

With respect to meat:

- (a) Review of the present situation concerning trade in meat;
- (b) identification of any deterioration that has occurred, and causes thereof;
- (c) comparison of the different elements of agricultural policy having similar effects on trade;
- (d) possible methods of joint action, both partial and overall.

In broad outline, these are our fundamental ideas concerning specific action in the agricultural sector, which should be embodied in a realistic programme for international trade expansion in general. In connexion with such a programme, the basic outlines of which should be defined by the Ministers at this present session of the CONTRACTING PARTIES we believe it would be appropriate to make arrangements for careful consideration of the following questions:

1. Reaffirmation by all contracting parties of their political readiness to apply Part IV of the General Agreement in full. This implies, for example, acceptance of Part IV by those countries which have not yet done so.

2. Advance implementation of concessions granted to developing countries in the Kennedy Round, or at least with respect to products of special interest to those countries.
3. Programme for detailed examination of the causes and effects of quantitative restrictions, through the establishment of adequate confrontation and consultation procedures.
4. Objective criteria for the application of safeguard clauses or invocation of special circumstances.
5. Existing preferential agreements that discriminate against developing countries.
6. Tariff and other restrictions protecting processing industries installed in industrial countries, with respect to products manufactured from raw materials produced mainly by developing countries. Programme for the gradual elimination of differential tariffs.
7. Structural readjustments in the industrialized countries. Analysis of the problems in individual sectors, in particular as regards the possibility of adopting practical measures to discourage the installation or expansion of industries competing with those of developing countries.
8. Readjustments in tariff nomenclatures in order to facilitate the trade liberalization process for products of special export interest to developing countries.

The contracting parties to the General Agreement have a responsibility to fulfil with a view to the continuing and more equitable expansion of international trade. They formally acknowledged this responsibility at the special meetings held in 1961 and 1963 and when Part IV on trade and development was embodied in the General Agreement. Great efforts have been made since then, and it is our hope that all that still remains to be done will be accomplished in the future.