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PROGRAMME FOR THE EXPANSION OF INTERNATIONAL TRADE

Statement by the Representative of the United States on 14 November 1967

We too wish to congratulate and thank the Director-General for the suggestions he gave us last Thursday concerning our future work programme. It has been an immense help to us in considering this very important matter. We believe that it is essential that GATT, in addition to its regular on-going work, now undertake a comprehensive analysis of the barriers to trade remaining after the Kennedy Round, and to begin exploring possible techniques for their elimination. Such study and analysis would provide the necessary guideline for future decisions as to how we chart our course. They would also supplement and assist the internal studies concerning future trade policy which some of us, including my country, are now making. The factual information developed in GATT, and the better appreciation of the views and attitude of other GATT countries which would result from these studies, should help all of us make sound decisions concerning our future trade policies.

We have been pleased to hear that other delegations favour an active and forward-looking GATT work programme, and that they are prepared to send Ministers for the final days of the session when we hope to make the basic decisions as to how GATT is to proceed over the coming months.

Like others, I wish to emphasize that we view the new work programme as being primarily aimed at preparing a way for negotiations that cannot be undertaken now. I also want to make clear that our comments and suggestions at this time are preliminary. We are open-minded concerning what other topics might be studied and how our studies would be carried out. We would be reluctant to exclude any subject in line and in query that will help lay the basis for meaningful future negotiations.

I will now give you our specific comments following the same general framework employed by the Director-General - industrial tariffs, non-tariff barriers, agriculture and the trade problems of the developing countries.

I. Industrial tariffs

I believe there is a compelling need for a study of the level and trade effects of tariffs remaining after the Kennedy Round. This study, which in our view might well be conducted by independent experts, would include an effort to identify sectors in which tariffs remain especially high or restrictive of trade. The study should also consider the question of effective and nominal rates. We recognize that an effort to calculate the effective level of all tariffs would be a lifetime job, but study on a selective basis of a number of important tariff categories could provide information useful for our future work.

As a second stage which would draw on the results of the factual study I have just mentioned, there could be an examination of the feasibility of various methods of tariff negotiation that have been suggested in the past or that now can be envisaged. Among the possibilities that could be considered would be the "French plan" put forward some years ago. The sector approach, or new ideas for reconciling the objectives of reciprocity and tariff harmonization. The United States is prepared, in the context of a broad study, to look at all promising possibilities. This second stage of the survey might be carried out by a working party of governmental experts.

In both of these stages, account could be given to the specific suggestions of the Director-General concerning the elimination of low tariffs as well as the removal of tariffs on raw materials.

With regard to the possibility of negotiating the elimination or harmonization of tariffs in certain sectors, we recognize the two concerns that have been mentioned by others - the difficulty of achieving reciprocity unless a large number of sectors are included, and the danger of creating new barriers to trade. Nevertheless, we favour carefully studying the feasibility of this approach in the governmental working party, which would consider all the possible negotiating techniques. I think it is premature, however, to decide here and now for which sectors such a technique might be practicable. This decision, in our judgment, should be deferred until the proposed factual study is completed, and the governmental working party is well along in its survey on possible negotiating techniques.

II. Non-tariff barriers

We agree this is also an important area requiring study. In view of the magnitude of the problem, the compilation of an inventory listing the barriers would seem to be the first order of business. The next task would be to determine which barriers should receive priority attention in our programme of work and study. We recognize that it may not appear entirely logical to

establish priority before the facts have been studied, but in view of the immensity of the field, there would be a real danger of getting bogged down if we did otherwise. I believe that even now we can make fairly good judgments as to which are the barriers of greatest significance. We believe that we should deal not only with the traditional non-tariff barriers, but also with subsidies and related measures. In our view, broad consideration of fiscal and other aids to exports and their effects on trade is one of the more important matters for our future work schedule.

III. Agriculture

The problems of agricultural trade must also be an important aspect of our work.

Committee II has done a great deal of work in identifying the barriers to world trade in agriculture. It may well be that its work needs to be brought up to date, but the sole fact of identifying these problems in Committee II has not made it possible to find ways to eliminate them. To emphasize the new impetus we wish to give to this phase of our work, we suggest that the CONTRACTING PARTIES at this session establish a new committee on agricultural trade policy to supersede Committee II. The new committee's terms of reference should stress the search for solutions for current and prospective problems.

Some of the work of this committee would be concerned with overall problems of agricultural production in trade. This might include a study of the causes behind restrictions to trade, in particular the internal agricultural policies of governments. This is a subject that might be entrusted to an expert group possibly experts not associated with governments. Such a group might be able to suggest means whereby governments could move together toward the adoption of agricultural policies that would make future negotiations on agricultural barriers possible and meaningful. In addition, we recognize that there are certain sectors of agriculture dealing with the specific agricultural products in which the problems may be clear enough to find, and sufficiently urgent to warrant separate and early attention with the aim of exploring possibilities for their solution. This work may be done by sub-groups of the committee on agricultural trade policy. Several suggestions for such specific commodity activities have been mentioned. At this time we are not in a position to say whether we think Ministers should decide on what groups should be established, or whether this matter should be left for the consideration of our proposed new committee.

IV. Trade of the developing countries

Most of the study that we are suggesting will deal with problems that affect all GATT countries, developing and developed alike; for example, if our studies of general agricultural trade problems or of the level and protectiveness of industrial tariffs yield a fresh insight as to how we can reduce trade barriers in these areas in the future, all of us, developed and developing alike, stand to benefit.

We all recognize that the trade needs of the developing countries, however, are particularly urgent - hence, we will want in addition to consider proposals that relate directly and specifically to the trade of the developing countries. We believe that there are several items that can usefully be pursued

We fully support the suggestion of the Director-General that we should seek ways to enable the Trade Centre to assist more directly the developing countries to exploit the trade opportunities opened by the Kennedy Round.

We agree on the need to give thought as to how to deal with residual restrictions maintained by developed countries on products of special interest to the developing countries. The Director-General's idea of expert panels to seek the root causes of these remaining restrictions is an interesting one, and deserves very careful consideration.

The Director-General has furnished us with specific proposals for revising Article XVIII consultation procedures for developing countries. We agree that the present Article XVIII consultations have been held in a rather narrow framework, and there is scope for positive modifications by focussing more on the trade and development needs of the developing countries.

The Special Group on Trade in Tropical Products should, in our view, be reactivated to assist the contracting parties to deal with the problems of trade in this area.

If there are any other specific suggestions for improving the trade possibilities of developing countries, we would give them the most sympathetic consideration.

With regard to the question of generalized non-reciprocal preferences from developed to developing countries, I agree with the view expressed by Mr. Wyndham White and a number of representatives of developed and developing countries, that it would not advance matters to include that topic in our immediate work programme. However, we would support making it clear in our communiqué that the CONTRACTING PARTIES are interested in progress on that important matter.

Now, one final suggestion which does not fit under any of the above headings. This is a study by a group of experts of the spectacular growth in regional economic groups and the implications for the pattern and structure of world trade. We believe that future GATT action will be more intelligent and more constructive if we know more about the trade effects of this outstanding phenomena of the 1960's.