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PROGRAMME FOR THE EXPANSION OF INTERNATIONAL TRADE

Statement by the Representative of Israel on 15 November 1967

I am glad to have the opportunity to address myself to what my country considers to be the most important items on the agenda, and I would like to comment on each of the three sub-items of Item 3 which also relate to Item 4.

(a) Reduction of tariffs - final report on the Kennedy Round

Regarding the proposal of the Director-General to examine the objectives of free trade by progressive stages and by sectors of trade, I have to point out that more than 50 per cent of Israel's imports are duty free. Part of them were consolidated in the Dillon and Kennedy Rounds. I must point out however that we will not be able to consolidate all our duty-exempted items, such as chemicals and machinery, since it is envisaged that the development of the country demands production of these items; such production, however, will need a temporary measure of protection.

The Director-General proposed that working parties be set up to examine the possibility of free trade in certain sectors of highly advanced technological industries. We would like to comment that this is another case where presently importing countries find it convenient to import such materials free of duty; but in the future they may not want to be dependent on such imports if they themselves have the necessary raw materials, obtain the know-how, have the skilled manpower and maintain scientific institutions which are necessary to produce such products. In that event they will also need temporary measures of protection.

We think these proposals advanced by the Director-General are of primary importance for our future development. We will be glad to participate in any study and working group that should be set up for this purpose.

As to non-tariff barriers, we think that the proposals of making an inventory in every country of existing non-tariff barriers will be of great value for all of us, and certainly the idea to do it in co-operation with non-governmental bodies is of interest.

(b) Obstacles to trade in agricultural products

We welcome the successful conclusion of the Wheat Agreement in the Kennedy Round, and we are in favour of negotiating such agreements for other agricultural products. It will, however, be more difficult when such agreements are negotiated separately without countries being able to balance agricultural interest against advantages obtainable in the industrial fields. Moreover, we feel that the existing system of negotiations can be improved upon. The recent talks include mainly exporting producing countries on the one hand and importing producing countries on the other hand which themselves produce these commodities and are interested in the maintenance of high prices. As a result of this, the prices agreed upon in such an agreement will be higher than if negotiations would include developing consuming countries which do not produce these products, and whose objective is to obtain low prices. Thereby consumption of these products will increase in developing countries.

(c) Obstacles to trade of less-developed countries - multilateral negotiations between developing countries and other action to promote an expansion of their trade

Mr. Chairman, I should like to touch on three major areas that are, we believe, of immediate concern to us all.

1. The problem of consultations relating to trade problems

In document L/2875, the Director-General made an original proposal regarding consultations on the balance of payments of developing countries. The Director-General tackled the existing traditional system of examining the balance-of-payments situation which may be of an incidental nature. He suggested that in every case studies be made of the fundamental difficulties of the consulted countries and to suggest solutions of how to overcome the structural problems. The introduction of such a system could be of immense value to the developing countries. In document L/2906, the Director-General mentioned that the economic development of developing countries imposes great strain on their resources and subsequently leads to their depriving themselves of imports through measures of import restrictions or taxes. This is entirely true in our case. If GATT could help us through positive methods, we would more than welcome it. We ask the secretariat to submit the outline for the consultations as proposed by the Director-General. We thank the delegates of the United States and the Nordic countries for supporting this suggestion.

2. Further studies of negotiations of developing countries on the results of the Kennedy Round

We all appreciate the positive results of the Kennedy Round, but what we regret is that vital areas were either not touched or only tackled partly. With regard to cotton textiles we will comment on this matter when it comes up in the agenda. We feel that there was no justification for the poor results obtained in the Kennedy Round in this area as well as in other areas concerning other textiles and light industries. We welcome the proposal of the Committee of Trade and Development to institute negotiations within the framework of GATT on specific sectors and would like to express our special interest in citrus fruit and fruit products.

As to negotiations between developing countries, we ask the contracting parties to adopt the proposal of the Director-General and approve ground rules for the negotiations between developing countries.

3. Obstacles of trade of less-developed countries - multilateral negotiations between less-developed countries and other action to promote an expansion of their trade

We appreciate the preparations which are being made for the success of the UNCTAD conferences in New Delhi. We hope that in the framework of the United Nations it will be possible to attain positive results with regard to preferences, study of commodities and all other items of interest to developing countries. Nevertheless, we are sure that after attaining this result it will be the task of GATT to execute and formulate the results which will be attained at the UNCTAD conference.

Only GATT has the instruments in the form of contractual binding relationship between its Members which can enforce the decisions adopted. For selfish reasons, we are glad to see that UNCTAD has successfully promoted the ideas which were nurtured in GATT. It is appropriate for GATT to prepare itself already now for the proper execution of the results which will be attained in New Delhi.

This makes it possible for the two institutions to co-operate in certain areas. It is good that the two existing organizations co-operate. This situation, as it is, has come about because of GATT's shortcomings or rather the failure of industrialized countries which have not given to GATT the necessary backing to arrive at solutions concerning the trade problems of the developing countries. If the major industrialized countries would have fulfilled the decisions adopted by their own Ministers in the GATT ministerial meetings, we should undoubtedly already now have attained the required results, namely the solution of the basic problems of the developing countries. Protectionist industries in the industrialized countries have prevented these advances. In this connexion, it is puzzling to note that even this month, in November 1967,

certain industrialized countries have objected to inter-regional preferences between developing countries at a time when the Australian example so admirably points the way how developed countries can allow preferences and perhaps even consolidate preferences in their schedules. Australia is the pioneer in this field; unfortunately so far she has not found others following her.

In view of the above, we do not quite see why GATT should not even at this stage prepare itself for the task which will undoubtedly be entrusted to it after the New Delhi conference.

Finally I should like to mention a matter that is occupying our minds and that has not found an expression in the economic international organizations such as GATT: the preferential arrangements envisaged for the future will, as it looks now, be of temporary value only and not be on a consolidated basis. In addition to this these preferences, as such, will not solve the problems of the many small countries, with small economies whether industrially developed countries or developing countries. Small countries - and who knows what is small in a world of giant States - small countries will not solve their basic problems only by preferential general arrangements. What they need in addition to that is economic integration with larger groupings of countries. In this way, they can develop their economies rationally and produce what they can produce more economically for their home and export markets. They will then be able to stop small scale scattered production of a vast variety of products. This, we feel, is the basic problem of small countries - to which neither GATT nor UNCTAD have given their attention.

In specially convening the ministerial meeting next week and preparing in this connexion Item Nos. 3 and 4 as the central theme on which attention is to be focussed, we can strengthen and renew the mission that GATT has fulfilled and must continue to fulfil. Here again, it is up to the industrialized countries to translate words into deeds and come up with practical positive measures to help developing countries.

Today more than ever we need a strong organization and we are convinced that it is from this forum that an appeal should be made to the Director-General, whoever it will be, to carry out the suggestions as outlined by Mr. Wyndham White and to execute the proposals made by the Director-General.