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PROGRAMME FOR EXPANSION OF INTERNATIONAL TRADE

Statement by the Representative of Pakistan on 15 November 1967

Everyone, who has spoken before me, has emphasized that despite the Kennedy Round, much remains to be done to profit fully from the potentialities of the co-ordinated Programme of Action adopted by the CONTRACTING PARTIES in 1958. In the case of developing countries what remains to be done is much more important than what has already been accomplished in the field of trade. I, therefore, welcome the initiative taken by the Director-General in inviting the CONTRACTING PARTIES to give urgent attention to a possible programme for further expansion of international trade including the trade of developing countries. It might perhaps not be possible for developed countries to commit themselves at this stage to any future initiatives for expanding trade among themselves. It is, however, my hope and I believe it is the hope of all developing countries that major initiatives will be taken if not at this session, then in the near future, in this forum or some other, for the expansion of trade of developing countries. I would also like to express my great appreciation of the very thoughtful statement which the Director-General made when he explained the reasons which had impelled him to suggest the inclusion of Item III in the agenda of the current session. I am confident that the ideas that he has laid before us, whether or not they are fully adopted at this session, will move the international community closer to the objectives of the General Agreement.

2. The Director-General has made a series of suggestions for the future work of the CONTRACTING PARTIES and I would like to take this opportunity to offer my comments on some of those suggestions which are of direct interest to a country like Pakistan. I am fully aware that all trade flows are inter-connected and deeply affect each other. I have, nevertheless, picked out a few issues regarding which I can make some comments which I hope will be found useful.

3. To begin with, I would like to support the suggestion of the Director-General that the gains made in the Kennedy Round should be consolidated and, where there is free trade already, this should be bound. Secondly, where

duties in the developed countries on products of which developing countries are principal suppliers will be below say 5 per cent, after the Kennedy Round is fully implemented, this remaining duty should be abolished. Obviously, this action would be considerably facilitated if all developed countries adopted this programme on a joint basis because then there would be little danger of concentration of trade only in a few directions. Low duties may or may not have a significant function in the trade among developed countries; but they do not appear to serve any useful purpose in so far as trade between developing and developed countries is concerned. The CONTRACTING PARTIES have already accepted that the developed countries do not expect reciprocity from developing countries in any trade negotiations. Low duties cannot, therefore, exercise any significant influence in any future negotiations on problems of access of developing countries either.

4. I also agree with the Director-General that the advance implementation of the tariff reductions agreed upon in the Kennedy Round on products of export interest to developing countries is an important matter which should be pursued in this session. As the report of the Committee on Trade and Development shows, a number of countries have already circulated lists of products on which they intend to implement the concessions negotiated in the Kennedy Round without phasing and some countries are actively considering the circulation of their lists. Some of these lists are helpful as they contain some products of interest to us as well. I must, however, say that the concept of advance implementation must be applied much more widely if it is to be meaningful and beneficial to all developing countries including those who are at present enjoying preferences in certain developed countries. I would, therefore, hope that the high level meeting towards the end of this session, will give a strong impetus to the movement towards advance implementation of the concessions negotiated during the Kennedy Round.

5. The report of the Trade and Development Committee contains a suggestion that the secretariat might carry forward its study of the results of the Kennedy Round and identify products of export interest to developing countries on which serious tariff problems persist after the Kennedy Round, particularly those relating to tariffs which disproportionately protect processed products as compared with primary products. The report also suggests an assessment of the general incidence of tariffs on products of export interest to developing countries and of other products. I would like to extend my full support to these proposals. I believe these studies will be invaluable in pointing out the directions in which future efforts should be made to improve export opportunities for developing countries. I would like to emphasize, Mr. Chairman, that at this point of time the most important initiative in the field of tariffs that the developing countries expect is with regard to the question of general preferences by all developed to all developing countries. The subject of general preferences has been discussed in great detail both in GATT and in UNCTAD. More recently

the developing countries met at Algiers and clarified their views as to the kind of scheme they would like to see implemented. It is expected that this subject will be taken to the stage of definitive agreement at the Second UNCTAD. I would not, therefore, expect the CONTRACTING PARTIES to discuss it in depth at this current session. However, I would like to express my hope that the CONTRACTING PARTIES would at least reaffirm their determination to find a solution of this problem at the Second UNCTAD.

6. In the field of non-tariff barriers, the suggestion made by the Director-General regarding the constitution of panels for going into the cases of hard-core restrictions is an interesting one. But, before I make any comments on it, I would like to urge the developed countries maintaining such restrictions to declare, at this session, their intention about these restrictions. I would like to ask them to tell us how long they wish to maintain these restrictions and what they intend to do to facilitate their removal. I think this is a matter important enough for developing countries on which some consensus must be reached in this session. I do not know whether the Director-General classifies the Arrangement on cotton textiles as a hard-core restriction or not. He has, however, described it on several occasions as a very disagreeable subject. I agree with him that it is truly a disagreeable subject and I will not, therefore, dwell on it at any length. All that I would like to say is that the Arrangement was designed to provide for special practical measures of international co-operation which will assist in any adjustment that may be required by changes in the pattern of world trade in cotton textiles. I think it is about time the CONTRACTING PARTIES knew whether any adjustments have taken place; what is the nature of those adjustments and how those adjustments are likely to affect the export opportunities of developing countries. I would, therefore, like to urge that the secretariat with the assistance of governmental experts might undertake a study of the adjustments that have taken place in the textile industry of developed countries behind the shelter of the Arrangement on cotton textiles and attempt an analysis or an evaluation of the possible effects of these adjustments on the future export opportunities of developing countries. I recommend that this study may be undertaken as a part of the programme of studies that the secretariat will begin in preparing the ground for constructive action in the future.

7. As to the consultations under Article 18(B), I share the view of the Director-General that the procedures for consulting with developing countries which, as the Director-General put it, "find it necessary to deprive themselves of imports through import restrictions" need to be improved so as to give a more positive character to the whole exercise. I also agree that both the measures taken by the country consulted and the support provided by the international community in the field of trade for its efforts should become the subject of a constructive exchange of views between the country and its trading partners. However, I wonder if it would be practical to enlarge the scope of consultations as much as the Director-General has suggested. The experience of Pakistan of its annual consultations with the World Bank as well as its consultation even with GATT on its development plan some years ago show how difficult and how time consuming

such an exercise is if it is to be a meaningful one. I would, therefore, suggest that the scope of consultations be enlarged only to include examination of the support that can be provided by the international community to the developing country concerned and not to embark upon as ambitious a project as examination of twenty development plans in a year. I hope, Mr. Chairman, you would appreciate that I have made this suggestion not to avoid discussion of our development plans in the GATT but merely to keep the whole operation within reasonable limits.

8. On the question of expansion of trade among developing countries the position in my country is quite clear. Pakistan is co-operating on a regional basis with Iran, Turkey as well as Indonesia. At the same time, it is willing to continue negotiations with all developing countries for the lowering of barriers to their mutual trade. I know that trade negotiations among developing countries on an inter-regional basis are difficult and not likely to yield spectacular results. I, nevertheless, believe that this effort is worth making and that the developing countries should at least be willing to explore what can be done on an inter-regional level. I, therefore, support the proposal for the establishment of a trade negotiations committee and I hope that the secretariats of GATT and UNCTAD would be able to co-operate with each other and jointly further the work of this committee.

9. Most of the points that I have made so far relate to the question of access to markets. But, as we all know, access by itself is not enough for developing countries. More positive measures have to be taken along with the provision of access to enable them to develop their trade. In this connexion, I would like to suggest, if I may, that the developed contracting parties might give consideration as to how they could increase their imports from the developing countries so as to reach a level which will assist the developing countries to fulfil the target of the development decade. As the Director-General has said, GATT could play an important rôle in this field by giving a new orientation to the work of the International Trade Centre and assisting the developing countries systematically to exploit fully the new trade opportunities created by the Kennedy Round.

10. In conclusion may I say that, in a sense, GATT is today on the threshold of a new life. The programme of work that the CONTRACTING PARTIES can be expected to draw up for themselves in the field of industrial and agricultural products and in connexion with the expansion of trade of developing countries will once again engage the specific techniques and methods of work of GATT for expanding production and exchange of goods among nations. My Government looks forward to the contribution that GATT can and should make in these areas in the future.