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Multilateral Trade Negotiations

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SECRETARY-GENERAL OF UNCTAD
AT THE TRADE NEGOTIATIONS COMMITTEE
ON 17 JULY 1974

Let me first say how pleased I am to be present with you to represent UNCTAD at this meeting of the Trade Negotiations Committee, and to make these very brief observations. I do believe that this Committee is embarking upon a process of the utmost significance - one that can result in far-reaching improvements in the international trading system. Indeed, I believe that your task, like that of the reform of the international monetary system, represents a key initiative of the present day. The results of your work could deeply influence for a long time to come the course of events in the international economy.

In the field of trade reform, as much as in the field of international monetary reform, it is, of course, important that the decisions eventually taken reflect the interests of the world community as a whole. It is for this reason that there has been for some years a strong insistence in UNCTAD and in other forums that the developing countries be assured a proper place in the decision-making process. There was once a feeling that the preoccupations of the industrialized countries with their own very pressing problems could detract from, and perhaps result in a neglect of the needs of the Third World as a whole. I am glad that there is today a recognition of the need to avoid such a situation - a recognition amply reflected in the Tokyo Declaration - and I am confident therefore that the developing countries will play a major and an effective rôle in the work of your body.

I am sure that this Committee is fully aware of the relationships between its own work and the work of other bodies engaged in the process of changing or reforming international economic structures. The interrelated nature of problems and processes have never been more amply evident than at the present time. Developments in the monetary and financial field have a profound impact on trade, whilst action taken in the field of trade can have a similar impact on the world of money and finance. The interdependence between money, trade and development issues is nowhere more evident

than in the case of the developing countries. Adverse developments in the monetary field in the industrialized countries can thwart development objectives by reducing the demand for the exports of these countries, as well as by reducing resource transfers. Similarly, a restrictive trading system can only frustrate the efforts of the developing countries to generate exports in their quest for growth and expansion.

It is for these reasons that I have this very deep sense of the vital importance of the task facing this Committee, and it is precisely because of this importance that I would stress the urgency of your work and of the need to progress as rapidly as possible. I know that you are all aware of the very deep changes that have taken place in the world economy since it was first proposed to start the multilateral trade negotiations. Since that time, we have witnessed major upheavals in the world's monetary system reflected by exchange instability, balance-of-payments disequilibria and an endemic process of price inflation. In this situation, several countries have been confronted with severe difficulties. Indeed, it is now recognized that for a large and populous group of developing countries there is now a pressing need for financial relief measures of an emergency character.

It is precisely because of the ominous character of the present situation that there is need for rapid and urgent action in the field of trade reform. I know that in many ways the uncertainties of the present situation would make your task more difficult. But, at the same time it is these very uncertainties that make it more urgent. I believe that it is very important in the present situation to ensure that a recessionary process is not generated as the outcome of remedial measures taken by leading countries. The pace of growth in the developed countries has already slackened and there is already evidence of a downturn in commodity prices. We have at all costs to ensure that the process does not become a cumulative one resulting in defensive measures that can play havoc with the international trading system. It is for this reason that we must all welcome the recent decisions to avoid trade restrictions as far as possible. This is an essential first step, but there is a clear need to go further. A rapid and effective start with the trade negotiations will help in some way to counter the recessionist tendencies of our times. It could inject a new spirit of confidence that could indeed improve the current world climate.

I have referred to the interdependence of issues and of the formative steps towards reform and adjustment that are being taken, or are being contemplated, in many international forums. There is a need in the present context, more perhaps than ever in the past, for conscious steps to be taken to ensure the maximum of co-ordination and collaboration between the several organizations that deal with these issues. The United Nations Conference on Trade and Development

is a forum which, in addition to its special responsibilities in the field of trade, is particularly concerned with the central issues of reform and change in their widest context. It is an appropriate forum in which to keep under review - and indeed to deal with - the interdependence of processes and events. There is, for this reason, a need in the present situation to give particular attention to the problems of co-ordination, participation and the exchange of information amongst international bodies including UNCTAD. I believe that UNCTAD's involvement in the negotiation of the reform of international monetary system proved valuable and beneficial to all concerned. I trust that a similar involvement, both creative and constructive, would also prove possible in the negotiations in the area of international trade. Indeed, this would help to foster the link between the work of the multilateral trade negotiations and UNCTAD's own on-going work in this very field.

The Committee is no doubt aware that UNCTAD was required by a resolution of the Santiago Conference in 1972 to assist the developing countries that are participating in the multilateral trade negotiations. We intend to fulfil this mandate, and I am sure that you will all agree that this would be a contribution towards a positive outcome of the MTN themselves. UNCTAD's assistance to the developing countries would relate to guidance on general issues as well as to technical assistance in specific cases as requested.

I need hardly say - and I have no doubt that the Committee will agree with me in this - that UNCTAD could discharge its mandate and make a positive contribution to the success of your negotiations only by being present on a regular basis at the meetings of this Committee, as well as of its subsidiary bodies. It would also need for the same reason to have access to the documentation that is part of the MTN. I am aware that at certain stages of the work of the MTN there would be a need for private discussion and private meetings. It is not our desire to intrude upon these meetings where the negotiating parties feel a need for exclusiveness - and I would say the same in respect of the very private documentation. As I said before my wish is to ensure that UNCTAD's contribution to the trade negotiations is a positive one, and we are anxious to collaborate with you in your very challenging task.

Let me say once more how much I appreciate this opportunity of addressing the Committee today and how much I look forward to co-operating in its work in the future. The Programme of Action adopted by the Special Session of the General Assembly last April includes a number of measures to be taken in the field of trade. Some of these would need to be implemented in the course of the multilateral trade negotiations. Besides, the special needs of the developing countries have been well emphasized in the Tokyo Declaration itself. All these documents recognize the special problems of the developing countries and the

desirability of evolving approaches that are specially suited to their needs. It would be one of UNCTAD's tasks to contribute as best it can to ensuring the satisfaction of these needs and to help translate into reality the objectives that have been enunciated by the international community.

I am grateful, Mr. Chairman, for the opportunity you have given me personally for this contact with you as Director-General of GATT and as Chairman of this Committee, and I hope very much that these contacts will continue and be strengthened in the future.