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GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations
Group "Framework"

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STATEMENT BY THE REPRESENTATIVE OF PAKISTAN ON 22 FEBRUARY 1977

1. My delegation has listened with great interest to the interventions made in the discussion so far. We feel that the statement of the distinguished Ambassador of Brazil, supported as it is by a comprehensive outline of the direction in which the improvement of the legal framework for international trade should take place, should provide an excellent basis for the work of this Group in the future. We fully support the proposals made by the distinguished Ambassador of Brazil, as also the very useful contributions of the distinguished representatives of Mexico, Egypt and Yugoslavia.

2. My delegation would also like to amplify, briefly, on some of these points.

Differential and more favourable treatment for developing countries

3. The principle of differential and more favourable treatment for the developing countries in the framework of the GATT is already well recognized and no longer a subject of controversy or debate. There are already provisions in the General Agreement based upon an implicit recognition of this principle. These provisions are scattered over Article XVIII, Article XXVIII bis and in Part IV of the General Agreement. It would perhaps be stating the obvious to say that these various provisions are in the nature of after-thoughts or an appendage to the main substantive Articles of the General Agreement. Is it really any wonder that, precisely because they are in the nature of an appendage, not much notice has been taken of these provisions in practice. The starting point of the work of this Group should accordingly be an exercise to consolidate these provisions, to make them more definite and more precise, and to build them into the main substantive Articles themselves. This would be basically a technical and drafting exercise, but would obviously take into account whatever improvements in the existing framework of trade are agreed to by the Group.

Non-reciprocity

4. The principle of non-reciprocity is already recognized and embodied in Article XXXVI, paragraph 8. These provisions are definitive and absolute. The note under this paragraph merely serves to explain and amplify the basic principle. We

do not feel that the drafting history of this text or of the Tokyo Declaration can provide justification or grounds for suggesting that the interpretative note in any sense abridges or dilutes this principle. The distinguished delegate of the United States stated yesterday that the developed countries do not "necessarily" expect reciprocity for commitments made by them. The use of this word "necessarily", which, as you might notice, neither occurs in Article XXXVI, paragraph 8 nor in the interpretative note, nor indeed in the Tokyo Declaration, underscores the existence of doubts and reservations which have no basis in the General Agreement. My delegation would accordingly strongly support the approach to this question which has been suggested by the distinguished Ambassador of Brazil, which would effectively dispose of all doubts and reservations on this score.

Stand-still; elimination of tariff escalation; elimination of tariff and non-tariff barriers to the exports of developing countries

5. Article XXXVII embodies the basic commitment of the developed contracting parties to the principle of stand-still, to the elimination of tariff escalation as one of the most serious obstacles to the industrial development of the less-developed contracting parties and the diversification of their exports, and, in general, elimination of all tariff and non-tariff barriers against the exports of the less-developed contracting parties. However, the practical relevance of these commitments is totally negated by the escape hatches built into it, namely "to the fullest extent possible" and "except when compelling reasons make it impossible". We would urge that the Group addresses itself in all earnestness to the task of defining more precisely and in definite terms the commitments that the developed contracting parties have already accepted in the context, not only of differentiated and more favourable treatment to the trade of the developing countries, but also of providing them fair and equal opportunities to enlarge their share of world trade.

Discriminatory quantitative restrictions

6. Article XI provides for a basic prohibition against the institution and maintenance of quantitative restrictions against trade of manufactured products. Article XIII provides for a prohibition against discriminatory administration of permissible quantitative restrictions. In practice little heed has been paid to the provisions of these two important Articles, in so far as the trade of the developing countries is concerned. Quantitative restrictions have been instituted and maintained, without even the pretence of reliance on the provisions in regard to balance-of-payment measures or emergency action, more or less on an indefinite basis. Restrictions have been instituted on a discriminatory basis against the exports of developing countries. The notion of "low-cost producers" as against "high-cost producers" has been advanced to justify the discriminatory nature of restrictions. We do not think that there is any legal basis for this invidious distinction which hits at the roots of the fundamental objectives of the General Agreement in regard to promotion of the economic development of the developing countries. We strongly feel that these provisions of the General Agreement should be

fortified and reinforced, and all escape hatches and loop-holes which provide the semblance of an excuse for the maintenance of quantitative restrictions against trade in manufactures, and in particular restrictions of a discriminatory nature against developing countries effectively closed.

7. The Long-Term Arrangement Regarding International Trade in Cotton Textiles and its successor Multi-Fibre Arrangement patently derogate from the provisions of the General Agreement referred to above. They provide legitimacy to the institution of discriminatory quantitative restraints which would otherwise be clearly illegal. The Arrangement is inherently inequitable in that while it involves surrender on the part of the developing exporting countries of some of their most important rights under the General Agreement, it reserves for the developed importing countries all their rights under the GATT, and over and above that provides them with the legal justification and cover for the institution of a priori restrictive measures of a discriminatory nature which would otherwise be illegal. My delegation strongly feels that the trade régime established by the MFA is inconsistent with the objectives and principles of the General Agreement and it should be brought to an end without further ado.

Emergency action

8. The provisions of Article XIX in regard to emergency action are at present more or less open-ended, both in regard to the grounds for action and the time-frame for emergency action. My delegation feels that this is a serious lacuna. The right to emergency action should be specifically related to the adoption of necessary adjustment assistance measures which would obviate the need for measures adopted by way of emergency action and lead to their elimination within a given time-frame. Emergency action, as the very name signifies, should be of a purely temporary character and effective provisions may be made against the maintenance of measures introduced by way of emergency action indefinitely or for unreasonably prolonged periods.

Consultations and dispute settlement

9. The General Agreement is basically an instrument embodying a balance of reciprocal rights and obligations. A failure to honour obligations under the General Agreement is regarded not as a transgression against the International Community, or even against the Contracting Parties, but a deviation from contractual obligations, giving the affected parties the right to suspend their obligations in a reciprocal and corresponding measure. This principle suits the developed contracting parties fine, since they are more or less evenly balanced in their economic strength. However, this concept leaves the developing contracting parties naked out in the cold, since neither individually nor collectively have they sufficient leverage or bargaining power to respond in full measure to any

transgressions against their rights under the General Agreement. My delegation would accordingly suggest that serious attention may be given to a revision of this particular element of the General Agreement. Breach of obligations under the General Agreement should lead to an automatic suspension of the rights of the offending contracting parties, in relation to all contracting parties, for the period that these offending measures are maintained, so that the umbrella of the protection of the GATT may have some meaning and relevances for the developing countries.

Surveillance procedures

10. My delegation also feels there is need to strengthen the surveillance procedures in Article XXIII through the creation of a properly balanced standing surveillance body to investigate complaints and other matters referred to it and to make recommendations for their redress. In drafting the provisions in regard to the creation of such a body and of its rules of procedures, the Contracting Parties could draw upon the experience gained through the functioning of the Textiles Surveillance Body. The latter would, of course, cease to exist with the termination of the Arrangement. It would be essential to make such a body effective that the acceptance of its recommendations should be mandatory, without any ifs and buts, subject, of course, to review or revision of such recommendations by the Contracting Parties, or the Council.