

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Twenty-Ninth Session

Page 18/19

## SUMMARY RECORD OF THE SECOND MEETING

Held at the Palais des Nations, Geneva  
on Wednesday, 14 November 1973 at 10 a.m.

Chairman: Mr. B.R. PATEL (India)

Subjects discussed:

1. Activities of GATT
2. Twenty-five years of GATT

Page  
18/19  
29

### 1. Activities of GATT

Mr. KITAHARA (Japan), introducing the report of the Group of Three (L/3781), recalled that the Group had been asked by the CONTRACTING PARTIES at their twenty-eighth session to continue to seek ways of ensuring the implementation of recommendations made by its predecessors and to examine specific problems raised by any developing country with a view to seeking a solution. Several delegations had also suggested that the Group could perform a useful advisory rôle in relation to the interests of developing countries in the preparatory work for the negotiations.

He stated that the Group had held a series of informal consultations with delegations of developed and developing countries, including several non-GATT members. The Group's aim was to acquaint itself with the specific trade problems of developing countries in the negotiations, to examine suggestions with respect to methods and procedures which could make for a more effective participation of these countries in the negotiations and to secure information on trade barriers of importance to them which had not received sufficient attention so far.

The problems raised by developing countries with respect to trade barriers were brought to the attention of developed countries when the Group consulted with them. In its report, the Group had drawn attention to action taken by governments in response to recommendations made in the earlier reports of the Group of Three. The main points raised during the consultations on certain aspects of the participation of developing countries in the multilateral trade negotiations were also described

and the Group had attempted, in the concluding section of its report, to put forward some suggestions and ideas that could be envisaged in relation to the participation of developing countries in the negotiations.

In conclusion, he referred to the suggestion made by the Chairman of the CONTRACTING PARTIES on behalf of the Group when presenting the Report to the Committee on Trade and Development that, in the light of developments in relation to the multilateral trade negotiations, consideration might be given to the work of the Group of Three being put in abeyance for the time being, it being understood that the Group could be reconvened as and when considered desirable. The Committee on Trade and Development had endorsed this suggestion, no doubt in the confident belief that governments would be addressing themselves, through the trade negotiations, to the several recommendations contained in the report of the Group.

Mr. SOUTO MAIOR (Brazil) introduced the reports of the Committee on Trade and Development on behalf of Mr. Batista, Chairman of the Committee. He said that the three sessions of the Committee in the first half of 1973 had been geared to a detailed consideration of matters of particular interest to developing countries in the context of preparations for the multilateral trade negotiations. The discussions, which took place on a preliminary basis and without commitment, were summarized in document L/3873. This document served as part of the background material available to the Preparatory Committee when it prepared its own Report for the Tokyo Meeting of Ministers.

He stated also that the fourth session of the Committee was held immediately following the initial meeting of the Trade Negotiations Committee. This session, the results of which were reflected in the Committee's report to the CONTRACTING PARTIES (L/3952) was mainly concerned with questions relating to the future work of the Committee, technical assistance to developing countries in the context of the negotiations and the third report of the Group of Three, including the future rôle of the Group. At this session the Committee also undertook its annual review of the implementation of Part IV.

He stated that it was generally recognized that while there should be no overlapping with the activities of the Trade Negotiations Committee, it was too early to specify the precise rôle that could be assigned to the Committee on Trade and Development in the negotiations. It was, however, made clear that while the Committee could not become a forum for negotiations, it had certain statutory functions by way of reviewing progress in the elimination or reduction of barriers to trade of developing countries as provided under Part IV. The Committee agreed that it would revert to this matter at the appropriate time.

In connexion with the discussion on technical assistance, a note (COM.TD/94) had been circulated to the Committee describing the assistance so far provided to developing countries by the secretariat. The Committee was of the view that it would be able to make further suggestions relating to the technical assistance needs of developing countries as the negotiations proceeded.

The Committee also discussed the report of the Group of Three and agreed with the Chairman of the Group that, in view of the multilateral trade negotiations, the Group should be kept in being, without specific activities, until it was considered that there was some specific work the Group could undertake.

Mr. LAI (Malaysia) referred to the report of the Group of Three and noted that although action had been taken in certain selected areas, action on a broad basis for removal of barriers affecting the trade of developing countries had been lacking. As regards the future rôle of the Group of Three he was in agreement with the proposal that the Group should remain in existence, but should be held in abeyance until such time, taking into account the progress of the multilateral trade negotiations, as it was considered desirable that it should meet again. Referring to the reports of the Committee on Trade and Development he stated that developing countries had attached considerable importance to the work of the Committee and had made specific proposals for solutions to their problems. In fact, the principles and concepts for special treatment to developing countries, which had been incorporated in the Tokyo Declaration, originated from discussions in the Committee on Trade and Development. The provision of technical assistance to developing countries had become an important aspect of the work of the Committee. He added that it was evident that the Committee would have an important rôle to play during the multilateral trade negotiations, bearing in mind that its work should not overlap with that of other bodies and that it would not be a negotiating body.

Mr. CHADHA (India) stated that while the GATT had made an outstanding contribution to the orderly development of world trade over the last quarter of a century, developing countries had not benefited as much as the industrialized nations from the expansion of world trade. In the earlier years GATT had remained fully occupied with the problems of developed countries. Subsequently, to make the General Agreement more responsive to the special needs of developing countries Part IV had been added and institutional machinery to oversee its implementation had been established. The experience of eight years with Part IV had, however, been disappointing. Some progress had been made, however, by the Committee on Trade and Development and more recently in the Group of Three, in studying and identifying the problems and in indicating solutions. Following the recommendations of these bodies, some positive action had been taken in liberalizing barriers to the trade of developing countries. Such action had remained confined however to partial, sporadic and half-hearted gestures, while what was really required was action on a scale commensurate with that of the problem itself. Another positive achievement which might be noted was the successful conclusion of negotiations among developing countries for the exchange of tariff preferences among themselves. Unfortunately,

the scope of even this measure had remained somewhat restricted because of the small number of participating countries and of the items involved. On the whole, developing countries had benefited only marginally from the tariff cuts in the successive rounds of negotiations. The implementation of the Generalized System of Preferences had brought some benefits for developing countries with regard to tariffs, but the scope of the Generalized System of Preferences remained restricted, due to its non-implementation by some important developed countries. And even the meagre benefits which were secured under the Generalized System of Preferences were now being eroded. A large number of products of developing countries, particularly those of which they were efficient and competitive producers, remained subject to discriminatory quantitative restrictions and other non-tariff barriers.

The enlargement of the preferential trading arrangements among the developed countries had seriously affected the trade of many developing countries. All these developments should be viewed against the background of recent developments on the international economic scene which had their repercussions on the trade and economic interests of developing countries.

He stressed the urgency of international action in favour of developing countries and added that it was almost two years since the three major trading powers had announced their intention to engage in comprehensive trade negotiations in the framework of GATT. While the preparatory work proceeded, the developing countries had been fed on promises that most of their problems would be resolved during these negotiations. But the only tangible result so far of the decision had been the postponement of solutions to the urgent problems of developing countries. The participation of developing countries in the preparatory work, and indeed their acceptance of the Tokyo Declaration, was thus an act of faith. Despite reservations and misgivings during the preparatory work, the provisions of the Tokyo Declaration, particularly those relating to developing countries, had enabled his government to announce their intention to participate in the negotiations. His delegation approached the Tokyo Round with a sense of urgency and with high expectations. It was a matter of serious concern to them that the Trade Negotiations Committee had adjourned, after three days of deliberations, without agreeing even on the organization of its future work. The prospects for an early start of work on negotiations had received further setbacks following recent developments in the capitals of some major trading powers. His delegation felt a sense of disappointment and frustration at the impasse which appeared to have been reached with regard to the commencement of the Tokyo Round. In Tokyo the leader of his delegation had spoken of the need for performance to live up to the promise. If the promise of the Tokyo Declaration was to be redeemed, it was necessary not to delay any further the commencement of the task in real earnest.

Mr. KAMEL (Egypt) stated that the Committee on Trade and Development had done excellent work for the preparation of the multilateral trade negotiations and it was necessary that the work of the Committee should continue during the negotiations. The Committee would not have a negotiating rôle but could serve as a forum where problems of developing countries could be discussed. He expressed appreciation for the useful documentation prepared for the purpose of assisting developing countries in identifying their negotiating interests and suggested that work in this area should be intensified. He urged the contracting parties who had not so far accepted Part IV of the General Agreement to do so before the thirtieth session of the CONTRACTING PARTIES. He expressed appreciation for the work of the Group of Three and stated that it was necessary that the Group should remain in existence, but be held in abeyance until there was need for the resumption of its work.

Mr. NIYI (Nigeria) stated that the Committee on Trade and Development had played an important rôle in making specific proposals and suggestions for solutions to the problems of developing countries. Therefore, the Committee would have an important function to perform during the multilateral trade negotiations, particularly if it appeared that adequate attention was not being paid to the problems of developing countries in the Trade Negotiations Committee. It was also necessary for the Committee on Trade and Development to concentrate on specific problems of developing countries such as adherence by the developing countries to the Anti-Dumping Code and special problems which these countries faced as a result of unnecessarily vigorous application of health and sanitary regulations. In this context it would be necessary for the secretariat to continue and intensify its work in the field of technical assistance.

Referring to the Group of Three, Mr. Niyi stated that their excellent reports contained very important material as to the type of action that could be taken. In spite of these recommendations however, and of the provisions of Part IV of the General Agreement, very little action was being taken for finding solutions to the problems of developing countries. This was mainly because the language in Part IV was too general and contained many loopholes. It was his expectation that it would be possible to correct many of these lacunae in the context of the multilateral trade negotiations.

Mr. WHANG (Korea) expressed the appreciation of his delegation to the Group of Three for their efforts and achievements, in particular their contribution with respect to the implementation of Part IV. Consequently his delegation favoured the continuation of the Group of Three and hoped that the scope of its functions might be widened in order that it might render even greater service in the future.

Mr. PETRESCOU (Romania) said he thought the Committee on Trade and Development, though not a negotiating body, was called upon to play an important part in helping the developing countries during the multilateral trade negotiations. For Romania, the present session was a dual anniversary: that of the entry into force of the General Agreement and that of the accession of Romania to the Agreement on 14 November 1971.

So far as the General Agreement was concerned, 1973 was the year of the Tokyo Declaration which had marked the opening of multilateral trade negotiations. Those negotiations would constitute a test of the real will of the international community to improve economic relations between States and place them on a stable and equitable basis. In addition to those aspirations, he thought the twenty-ninth session should be the occasion for the CONTRACTING PARTIES to reaffirm their will to give the Trade Negotiations Committee a real start. The participating States should always be guided by the principle of equality, that was to say, they should take into consideration the position of all the States concerned according to their level of development and reject any discrimination based on the economic and social system or the geographical position of contracting parties. That will to promote true multilateral co-operation was, he thought, the only means of resisting the tendency to make bilateral arrangements prevail, which seemed to be developing in certain sectors. Romania, a new exporter of textiles and textile products, whose rôle in that trade was marginal, accordingly attached great importance to the conclusion of a new international agreement on textiles based on the principles of GATT and aiming at complete liberalization of the textile trade and the granting of additional advantages to developing countries. Romania, for its part had never ceased to show its desire to intensify its participation in multilateral forms of co-operation, whether commercial co-operation through its accession to GATT, or monetary and financial co-operation through its membership of the International Monetary Fund and the World Bank.

He concluded by saying that since acceding to the General Agreement Romania had always respected its provisions and would continue to do so while pursuing a policy of expansion and diversification of its external trade relations in accordance with its development needs. Romania hoped that the provisions of the General Agreement would be observed with respect to itself and, in particular, that the discriminatory quantitative restrictions still applied to it would be eliminated.

Mr. HARRIS (Australia) welcomed the enlargement of the GATT during the past year through the accession of new contracting parties and felt that such enlargement, through the joining of other developing countries and countries with different economic and social systems, would serve to maintain the multilateral character of the GATT at a time when there was a risk of imbalance arising from the enlargement

of trading blocs. Existing members of GATT had an important rôle in encouraging the extension of membership by dismantling existing discriminatory treatment. This enlargement went parallel with the extension of bilateral trade relationships with non-contracting parties. He drew attention in this connexion to the agreements signed by his country with the USSR and the People's Republic of China. These agreements were expected to give rise to a substantially increased level of trade. They were also important in that they involved long-term bilateral commodity agreements which would help to achieve the same sort of objectives as had been set for agriculture in the multilateral trade negotiations. It was important that such agreements were non-discriminatory and consistent with the general principles of GATT, rather than substitutes for obtaining the meaningful progress in agriculture which had been lacking in the work of the GATT.

Because trade in agricultural products had not been able to expand at the same rate as for industrial products, and because of Australia's strong attachment to the principles of GATT, Australia had been among the first to give support to the idea of a new round of negotiations, and stood ready to work with others to secure the success of the negotiations. He expressed concern that the United States had found it necessary to postpone further consideration of its proposed trade legislation but welcomed the assurances given by the United States of its determination to proceed with its legislation as soon as possible. He likewise welcomed the reaffirmation by the European Communities of their interest in launching the negotiations as soon as possible. In the meantime the technical preparatory work should not be delayed.

He also referred to the disappointing progress made in the discussions on the rights and obligations of contracting parties and the adjustments thereto needed consequent upon the enlargement of the European Communities. The result was that changes in import measures had taken place before the full implications of these changes in relation to the obligations of the contracting parties concerned had been properly examined. Australia was affected by this slowing down and called for accelerated progress in this field in the near future. It would be a vindication of GATT procedures and rules if these matters could be resolved to the satisfaction of all parties. GATT was an instrument to lay down rules and guidelines for the orderly conduct of international trade but also a forum for resolving the problems which necessarily arose in international trade. He stressed that, while being flexible, the strength of GATT was the maintenance of its basic provisions, from which in particular the smaller countries derived their protection.

Mr. MILLER (United States of America) expressed regret that the Working Party on the Accessions to the European Communities had not reached a consensus on the methodology for the examination of the Accession Treaty under Article XXIV:5(a) of the General Agreement and that the Community was not prepared to accept that an assessment be undertaken on the basis of both methodologies discussed in the

working party. It was regrettable that the working party, established in March 1972, had been unable to complete its mandate before 1 January of this year - the effective date of the Treaty of Accession. The United States considered it to be in the interest of the orderly administration of the General Agreement - and hence of that of all contracting parties - that the working party should complete its task before the next session of the CONTRACTING PARTIES.

He added that the United States also regretted that the XXIV:6 renegotiations had not yet resulted in agreement between the European Communities and the United States. The United States strongly hoped that concessions would not be withdrawn until agreement had been reached and that the negotiations could be successfully concluded before the end of the year.

Mr. CLARK (Canada) stated that the Committee on Trade and Development and the Group of Three deserved a special expression of gratitude from the CONTRACTING PARTIES for the work done in identifying and clarifying the difficult trade problems of developing countries. These problems required the most careful attention of the CONTRACTING PARTIES. He said that his Government hoped that the trade negotiations would lead to the further dismantling of the obstacles to exports of developing countries. Canada would play its full rôle in this area of the negotiations.

His delegation shared the view of the United States with respect to Article XXIV:5(a) and hoped that the Working Party on the Accessions to the European Communities would conclude its work before the thirtieth session. He also hoped that it would be possible to come to an early and satisfactory conclusion of the negotiations between Canada and the European Communities under Article XXIV:6.

Mr. WILLENPART (Austria), with reference to the reports of the Group of Three and the Committee on Trade and Development, said that consultations with the Group of Three had been of considerable help to his country in demonstrating the special problems faced by developing countries. As a consequence certain questions had again been reviewed by his authorities and certain steps had been taken. With regard to tropical products his Government had submitted a bill to Parliament, providing for considerable reduction or elimination of duties under the Generalized System of Preferences for certain spices, certain cocoa products, and coffee extracts. If this bill should be approved by the Parliament these measures would enter into force on 1 January 1974. He also said that the list of beneficiary countries under the GSP had been expanded as of 1 January 1973. He also referred to the trade promotion facilities provided by the Austrian Foreign Trade Delegations to a large number of export firms in developing countries and to the secondment of a second Austrian official to the International Trade Centre. Furthermore, two special training courses had been organized for customs officials during 1973.

With respect to the future work of the Committee on Trade and Development, he suggested that an important task could be to consider how the interests of developing countries could best be taken care of in the framework of the multilateral trade negotiations. The Committee could be a forum where progress towards the elimination or reduction of barriers to trade of developing countries could be reviewed. At an appropriate time, the Group of Three could again take up its activities and provide valuable assistance to developing countries in the areas of special importance to them.

Mr. KASASA (Zaire) said he hoped the work of the Group of Three would be continued and stressed the need for GATT to continue its task of assisting developing countries, particularly by analyzing their foreign trade statistics.

He pointed out that the Group of Three had helped to persuade the developing African States to participate in the multilateral trade negotiations and that the purpose of such participation had been defined in the joint declaration made by those countries at the Tokyo Conference. The multilateral trade negotiations seemed to his country to be a means of off-setting the lack of any positive results obtained through its accession to GATT, by an increase in foreign currency receipts to finance its development.

Mr. PHAN VAN PHI (European Communities) said he recognized the importance and value of the work done both by the Committee on Trade and Development and by the Group of Three. The consultations carried out by the Group of Three had been particularly useful.

He thought the Group of Three should be kept in being without, however, taking any particular action in the immediate future. It would be somewhat premature to define forthwith the relations between the Committee on Trade and Development and the Trade Negotiations Committee, but he noted that in any event the developing countries had intimated that they wished their problems to be discussed in all the subsidiary bodies concerned with the negotiations, rather than in one specific and separate body. In any case the Committee on Trade and Development could play a very important part in directing the efforts of the secretariat towards technical assistance to developing countries.

The improvement of opportunities for developing countries to participate in the expansion of world trade was a major objective of the European Economic Community in the multilateral negotiations, and the developing countries should be able to derive additional advantages from that expansion. The Community was planning an immediate improvement in the generalized system of preferences by raising the ceilings, increasing the number of products covered and improving procedures. He hoped that all the industrialized countries would be able to make a balanced contribution to that system.

In reply to the comments made by the representatives of certain contracting parties concerning the enlargement of the EEC, he pointed out that on the questions of method depending on the interpretation given to Article XXIV:5(a) the point of view of the Community had been defined in the report of the Working Party. With regard to the renegotiations under Article XXIV:6 he regretted that it had not yet been possible to conclude them. In the first place, some countries had been rather late in making contact with the Community to open the negotiations. Secondly the negotiations were complicated because they concerned customs tariffs as a whole. Lastly, in a number of cases the negotiations had been complicated by the fact that certain countries were inclined to go beyond the rules of the General Agreement and seek to obtain compensation from the Community for the abolition of customs tariffs between the Community and its partners. In conclusion, he expressed the hope that those negotiations could soon be completed, thanks to the efforts of all parties.

Mr. KITAHARA (Japan) drew attention to the efforts of Japan to achieve better co-operative relations with all developing countries. The Generalized System of Preferences was the best way to achieve this. The Japanese Government had on several occasions notified improvements to its Scheme. While it was not possible to give details on all features of the Japanese Scheme, he noted the strong tendency for imports by Japan from developing countries to increase.

He also noted the difficult negotiations concerning the enlargement of the European Communities. The Working Party on Accessions to the European Community had not been able to conclude its work when the negotiations under Article XXIV:6 started. He now hoped that these latter negotiations could soon be concluded in a manner satisfactory to all parties. This would enable the Working Party to resume its discussions with greater hope of reaching agreement on questions arising under Article XXIV:5(a). He emphasized that all this work should be completed before the beginning of the multilateral trade negotiations. In this connexion he had been encouraged by the statement by the representative of the European Communities in which he expressed his desire that the negotiations should be completed as soon as possible.

The CHAIRMAN said that the problems dealt with in the reports were of fundamental importance to a large number of countries. The views expressed would be recorded and would be fully taken into account in the work that lay ahead.

The report of the Group of Three (L/3871) and the reports of the Committee on Trade and Development (L/3873, L/3952) were adopted by the CONTRACTING PARTIES.

2. Twenty-five years of GATT

The CHAIRMAN addressed the CONTRACTING PARTIES on the twenty-fifth anniversary of the entry into force of GATT. The Chairman's address is contained in document GATT/1138.

Mr. STONE (Canada) stated that it was fitting to reflect at this session of the CONTRACTING PARTIES on the contribution which the General Agreement had made to shaping the trading world of today, and to reflect also on how the world trading system would have developed if the General Agreement had not been concluded.

He recalled that, in the late 1940's, the delegations who went to Havana and then came to Geneva, drew up a basic set of trade rules which had now been adopted by most countries of the world. These rules had since then been developed and refined. While they had at times been neglected, they had provided a basic foundation of non-discrimination in trading relationships. The successive rounds of tariff reductions which had been negotiated under the GATT provided a basis for the spectacular increase in world trade which had occurred in recent years.

The original GATT articles had been extended to take account of the special and difficult problems of the developing countries. As the number of contracting parties had increased, attention had turned to the contribution which increased trade could make to the wider problems of economic development.

He then pointed out that there was a parallel between the situation which existed at the time the Agreement was originally drawn up and the situation of today. Then, as now, important changes were taking place or were in sight in the world economy. The basic structure of the world trading and monetary systems was under review, and it was clear that creative efforts were required to meet new challenges. The response of the world's trading nations had been the decisions which were taken in September this year in Tokyo to embark on a further and comprehensive programme of reductions in barriers to world trade that could have momentous consequences for the future world trading system.

In conclusion, the Canadian delegation paid tribute to the Director-General and those who now served and those who had served on the secretariat in the past, for providing the advice and assistance which the contracting parties required for the effective conduct of their work. He also paid tribute to the former Director-General who made such a large contribution to the successful operation of the General Agreement. He also expressed his gratitude to the Chairman of the CONTRACTING PARTIES, the Chairman of the Council and to all those who through their work in committees, working parties and other groups contributed to the successful operation of the Agreement.

Mr. SOUTO MAIOR (Brazil) said that a twenty-fifth anniversary year afforded an opportunity for stocktaking. Such stocktaking amounted to the question whether contracting parties individually and collectively had lived up to their commitments and responsibilities. The answer could not be found merely by comparing the results achieved to the objectives set forward. Rather the objectives themselves needed to be scrutinized in the light of present needs and the new features of world economic relations. The performance of GATT in the past had been encouraging. GATT as a forum for negotiations had achieved considerable results in dismantling trade barriers. He also referred to GATT's procedures and decision-making machinery, which provided an important instrument for continuing adjustment and improvements. But past successes were not enough, for the tasks lying ahead were formidable. There was the need for a redefinition of increasingly complex trade relations and for the maintenance of what had been an unprecedented expansion of world trade. Also there was the need to improve the position of developing countries in the present world trade and economic system. The objectives of GATT had not evolved at the rate required to match the needs of an expanding world trade community, where the developing countries faced special problems. The main test of GATT's vitality would be the way in which it would respond to the special trade and development needs of developing countries. Some reforms had been made - e.g. the adoption of Part IV - but the reforms which were to be envisaged needed to go further.

He pointed out that political will was the key to the whole process. GATT had to become stronger, more forward-looking, more universal, and more sensitive as an institution to the demands of developing countries. Such a development was in the interests of all.

Mr. MILLER (United States) stated that it was a happy coincidence that the successful Tokyo Ministerial Meeting and the launching of new multilateral trade negotiations should have taken place in the twenty-fifth anniversary year of the GATT. The General Agreement had been a vehicle for great accomplishments. Major reductions in barriers to trade, particularly tariff barriers, had been accomplished and had contributed to major improvements in the economic welfare of many countries. This however should not lead to complacency. The GATT was an agreement on trade principles and provided a forum and mechanism for the application of those principles. There were however shortcomings in both respects; time had indicated areas in which the principles could be improved and there were also areas in which implementation could be improved through more effective dialogue leading to mutually useful negotiating results. In particular he felt that the CONTRACTING PARTIES could do more to encourage trade in agriculture. He added that in the light of this appraisal, the United States had committed itself to multilateral negotiations which were broad in scope and which provided for participation of many countries.

These negotiations were intended to achieve expansion and ever greater liberalization of trade and to cover tariffs, non-tariff barriers and other measures which impeded and distorted trade both in industrial and agricultural products. Consideration was also to be given to improvements in the framework for the conduct of world trade.

Mr. NAIK (Pakistan) pointed out that in 1948, as one of the original twenty-three contracting parties to the GATT, Pakistan had recognized that the objectives of the General Agreement should be to "raise the standards of living" and to "ensure full employment", and that the contracting parties had agreed to work together to achieve these objectives. Today there were eighty-three contracting parties, two-thirds of which were developing countries. In addition, sixteen countries had either provisionally acceded or were maintaining de facto application of the GATT. There was, thus, considerable progress towards universality of membership.

He referred to the areas of achievement of GATT during the first quarter century of its existence. Efforts made within the framework of GATT for liberalization of world trade had been continuing. Expansion of world trade had been without precedent. This expansion had been accompanied by stability in conditions of international trade. GATT machinery had been helpful in resolution of trade disputes.

He felt that growing attention was being paid to the needs of the developing countries. The adoption of Part IV was the concrete manifestation of interest in this direction. The problems of developing countries had been brought into focus in the Committee on Trade and Development and in the Group of Three. In addition the successful conclusion of trade negotiations among developing countries had been a landmark in GATT's history.

On the other hand there had been failings. The objectives of raising standards of living and of ensuring full employment had not been obtained for two thirds of the contracting parties, developing countries which had appallingly low standards of living and unemployment. Efforts at liberalization of world trade had largely been to the benefit of the developed countries and developing countries had gained little. Many of the important products of developing countries such as textiles, in which developing countries had a competitive advantage, were facing tariff and non-tariff barriers in the markets of the developed countries.

While it was true that there had been an unprecedented expansion of world trade during the past twenty-five years, he could not ignore that the relative position of the developing countries had declined. The share of the developing countries in world trade had declined from about 30 per cent in 1950 to about 17 per cent in 1971. Despite all the expansion and liberalization, the developing countries accounted for only one sixth of world trade.

He expressed his disappointment that preferences under the Generalized System of Preferences were subject to a process of erosion because of the process of regional economic integration. He stressed that greater and more meaningful efforts would have to be made to implement and strengthen Part IV.

He concluded by expressing satisfaction on the unanimous adoption by the Ministers of 102 countries of the Tokyo Declaration. The particular needs of developing countries had been recognized in this Declaration. He expressed the hope that the Multilateral Trade Negotiations would be concluded in the spirit of the Tokyo Declaration and that it would be translated into a practical code of conduct to be followed by all concerned.

Mr. PHAN VAN PHI (European Communities) began by saying that the twenty-fifth anniversary of the entry into force of the General Agreement should be the occasion for deep thought and reflection on its significance for development and for the prospects of increasingly harmonious, equitable and balanced trade relations benefitting all nations.

The strength and effectiveness of the General Agreement had lain essentially in its principles and rules and in the spirit and the manner in which they had been put into effect, whether through pragmatism and the constant concern for dynamic adaptation to the facts and requirements of development and even of the profound changes which had marked the last twenty-five years, or through the will and the faculty always to try to solve problems and overcome difficulties within the framework of the General Agreement by discussion, co-operation and negotiation.

He emphasized the need to persevere in the course already marked out; he believed that the Tokyo Declaration of Ministers showed the will of the 102 participating nations to seek, by new negotiations under the auspices of GATT, the answers to the fundamental problems relating to their economic and commercial achievements.

It was important that the developing countries, with their special needs and the special rights conferred on them by those needs, should be directly integrated into the negotiation process as full partners. In that connexion he pointed out that the developing countries too had derived substantial advantages, not only from particular studies undertaken, but above all from the liberalization and expansion of trade achieved up to the present and from measures taken quite apart from any negotiation.

In future negotiations, when facing the problem of economic development in terms of a balanced and equitable expansion of trade, all the developing countries must fully assume the responsibilities resulting from the principles, the spirit and the rules of the General Agreement.

The second fundamental aspect of the factual trend of trade relations consisted in the tendency towards regional integration which was proceeding on all the five continents, and in that connexion he welcomed the prescience shown by the authors of the General Agreement, who had foreseen the provisions necessary to enable that development to take place without any weakening of the basic principles. He believed that the factor of regional integration would, in the future, play an essential part in establishing increasingly harmonious, balanced and equitable trade relations, and he was convinced that that development, far from leading to a confrontation between economic groups, would open the way for new discussions and new co-operation between partners.

Lastly, he thought that the third item on the balance-sheet of the last twenty-five years was the problem of trade in agricultural products; that problem had certainly given rise to more discussion and more effort than others, without it being possible to reach any real solution. Nevertheless, the work done in that sector had been marked by an important development, both in regard to understanding the data of the problem and in regard to its manifestations. On the first point, he thought the contracting parties were now all aware of the fact that the expansion of trade in agricultural products was not and could not be, as in the case of industrial products, a mere question of reducing protection at frontiers, but must take account of all the elements constituting national agricultural policies as such. On the second point, he drew attention to the fact that for many years, some people had seen the problem exclusively in terms of surpluses and the search for markets, whereas it was becoming increasingly clear that many now saw it in terms of shortages and the security of supplies; that change of approach seemed rich in possibilities for seeking realistic and appropriate solutions.

Mr. NIYI (Nigeria) said that on this occasion one could look at the future with the hope that greater achievements in the field of world trade could be obtained. The success of the Tokyo Conference marked the beginning of a new era in the history of GATT and it was to be expected that the intensity and scope of the new round of negotiations would be greater than anything experienced previously. He recalled that, particularly during the sixties, a great number of developing countries had acceded to the GATT upon their obtaining sovereignty over their external commercial relations. Up to that point the GATT had been little more than a multilateral trading system shaped by other countries to meet their specific needs. Similarly, African countries had been marginally involved in only the last of the six rounds of negotiations, that is, the Kennedy Round. Although the Kennedy Round had had a far-reaching impact on multilateral trade, developing countries had derived little benefit from it. Nonetheless, developing countries had continued to fulfil their obligations under the General Agreement in the belief that the world economic system which GATT had helped to construct created an atmosphere conducive to the evolution and growth of external trade

relations of developing countries. There had, however, been a lack of balance in the rights and obligations as between developed and developing contracting parties. An attempt to correct this situation had been the introduction of Part IV to the General Agreement, but the operation of this Part had been weakened by the failure of some contracting parties to accept it. Developing countries felt therefore that their interests were inadequately protected within the legal framework of the GATT. Developed and developing countries could not be considered equal partners in the exchange of trade concessions. He recognized that genuine efforts had been made in the Committee on Trade and Development and the Group of Three to find solutions to the trade problems of developing countries.

The absence of an adequate legal basis within the GATT to back these efforts had left the overall situation unchanged. Trade in tropical products was one such special area where the contribution of GATT to a solution of the particular problems of developing countries had been missing.

It was to be hoped that the last quarter of the century would witness the evolution of GATT into a new form, where legally binding provisions could create a platform for equal partners, sustained by more favourable treatment for the weaker members.

He noted in conclusion that the very countries which had called in 1972 for a new round of negotiations were now causing a loss of the momentum that had been generated. It was to be desired that these countries, having given rise to hope for new trade opportunities would not now eliminate that hope.

The meeting adjourned at 1.10 p.m.