

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PARIS ECONOMIC MEETINGS

(Reorganization of the OEEC)

Communication from the Government of Argentina

The following letter, dated 1 June, together with the annexed memorandum was addressed to the Chairman of the CONTRACTING PARTIES by the Argentine observer attending the sixteenth session:

"I have the honour to transmit to you as Chairman of the CONTRACTING PARTIES a copy of the memorandum addressed by the Government of the Republic of Argentina to the Ministry for Foreign Affairs of the French Republic concerning the reorganization and reconstitution of the OEEC.

"In view of the fact that the CONTRACTING PARTIES are considering again the possible implications of the future organization, I shall be grateful if you would kindly arrange, in your capacity as Chairman of the CONTRACTING PARTIES, for the above-mentioned memorandum to be circulated to all contracting parties to the General Agreement."

Memorandum

With reference to the meeting held recently by officials of Member or associate Member States of the OEEC (Organization for European Economic Co-operation), and by the Commission of the European Economic Community for the purpose of examining the document entitled "A Remodelled Economic Organization" drawn up by the "Group of Four", the Government of the Argentine Republic wishes to reiterate the concern it had already expressed to the same governments when the question of remodelling the aforementioned Organization for economic co-operation was contemplated.

1. The Government of the Argentine Republic welcomes the initiative aiming at strengthening international economic co-operation by extending its scope outside of its strictly European sphere of action. It shares the opinion that it is necessary to promote, through broader international co-operation, a more extensive development of national economies which, by reason of their structure and of their operating process, are closely dependent on each other. On the other hand, it cannot refrain from feeling deeply concerned about a project which, by limiting the number of participants in the proposed organization, implies a discrimination between countries having an equal interest in achieving objectives which are common not only to the nations at present associated within the OEEC, but also to the countries of Latin America including, therefore, the Argentine Republic.

2. In the spirit of those opening remarks, the Government of the Argentine Republic believes that, considering the essential similarity and the close functional inter-dependence of the economic systems of all the nations under reference, a co-ordination of their individual policies cannot be really effective and satisfactory unless it is achieved through the instrumentality of an organization made up of all these nations. Then only can the plan operate efficiently and remain in force for a lasting period, regardless of the degree of development attained by the economy of each individual nation.
3. The Argentine Republic has adjusted its economy in line with the requisites of a progressive development of international trade by implementing a policy of free convertibility of its currency and of trade liberalization on a multilateral and strictly non-discriminatory basis. Consequently, the Argentine Government is particularly interested in participating in any collective action intended to achieve, through international co-ordination and co-operation, the highest possible degree of reciprocity in the free flow of goods and services, and to afford an assurance that due considerations will be given to problems arising from the relations between countries linked by a common economic structure.
4. Moreover, the Government of the Argentine Republic deems it opportune to stress that the efforts aimed at achieving economic freedom through the elimination of restrictions hampering international economic development have achieved but limited results in the commercial sector as compared with those secured in the field of currency and financial transactions; besides, with regard to world trade, there is a striking contrast between the stringent restrictions applied by most of the industrialized countries to their imports of agricultural and livestock commodities and the liberalization achieved in respect of industrial products.
5. It is common knowledge that such tendencies have adverse repercussions upon relatively less-developed countries whose trade depends largely on exports of agricultural and livestock commodities, and particularly on those which, as in the case of the Argentine Republic, have reinstated the free convertibility of their currency. A shrinkage in agricultural exports and the resulting loss of foreign remittances may generate pressures detrimental to the firm establishment of a free currency policy based on multilateralism and non-discrimination, which relies for its successful operation on international reciprocity. Furthermore, the very nature of the mutual economic relations linking the countries of the western hemisphere implies that any relaxation of the restrictions imposed by the industrialized nations on imports of commodities which can be produced at lower cost by less-developed countries will automatically result in a corresponding increase in the latter countries' demand for industrial products manufactured by the more advanced nations; this will also avoid the waste resulting from more efficient means of production being sacrificed to less productive activities. Such are the conditions which must be fulfilled to allow international trade to expand along sound lines and to the mutual advantage of all countries linked together under a common economic system, conducive to a harmonious development of all participants.
6. The Government of the Argentine Republic does not consider it necessary to proceed to a detailed analysis of the document examined by the governments on the occasion of the meeting of the Committee of Twenty-One; it wishes,

however, to voice the misgivings which it entertains in respect of the issues set forth above, which run counter to a liberalization of trade in agricultural and livestock commodities. To this is to be added the qualms caused by a tendency to unilateral action in determining trade policies between groups of nations attached to the OEEC, and even outside of the organizations set up by these nations for that purpose.

7. The Government of the Argentine Republic wishes to express its opinion that, on the occasion of the meetings called upon to institute a new organization of economic co-operation, henceforth devoid of regional support, due consideration should be given to countries which, by reason of the fact that they are linked by a common economic system and hence participate in a free inter-change of goods and services, cannot remain aloof from an international action which aims at their own development. It also holds the opinion that interventions on the part of those countries should not be a posteriori; it is to be assumed that the new organization will be established on a basis such as will exclude the possibility of extending the scope of international economic co-ordination beyond the limits of the group of highly industrialized nations whilst placing the non-participating countries before a "fait accompli". Lastly, should the reconstitution of the OEEC be intended to be confined to the inclusion within the organization of a section of the American continent to the exclusion of the rest, the new organization would then run the risk of being extremely vulnerable in the light of international co-existence.

For all these motives, the Government of the Argentine Republic requests the Government of the French Republic to act on its behalf in laying before the OEEC the reasons advanced for securing its participation in the proceedings dealing with the proposed reconstitution.