

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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STATEMENTS DELIVERED
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JENS BOYESEN, NORWAY, AMBASSADOR,
PERMANENT REPRESENTATIVE TO THE OFFICE OF THE
UNITED NATIONS AT GENEVA

We have come to this gathering to launch new negotiations to eliminate barriers to trade. But beyond economic benefit there is a wider purpose in our efforts - to further peaceful international relations, to eliminate misgivings and sources of conflict.

It is most appropriate that such efforts should be launched in this hospitable country of Japan which has such a vital rôle to play in a reformed structure of international relations.

I shall - very briefly - state the position of my Government on some of the issues before us.

Norway is in favour of a maximum reduction of tariffs, but we realize that a complete elimination of them is hardly feasible at the present time. Most developing countries shall probably need tariffs for many years to come to protect their infant industries.

We can, for our part, accept any of the methods of tariff reduction which have been suggested or a combination of them - which is probably the more realistic course.

On non-tariff barriers we believe that there should be a concentration upon measures which directly and obviously distort a reasonable pattern of international trade. Full results can hardly be achieved in all parts of this vast and complicated field within the fairly short span of time of some two years. But there could be an effective continuing rôle for GATT here and, perhaps, a follow-up programme could be envisaged.

In agriculture there are, as we see it, two basic facts to be kept in mind.

The one is that a large part of the world population is undernourished or malnourished.

The other is that even countries which traditionally are well supplied with food have recently been reminded that we operate on narrow margins.

On this background the fact that a country may make special efforts to develop its own production rather than unduly taxing scarce international resources should not in any way be regarded as a departure from good trading behaviour. There may often be not only national supply reasons but also strong social and environmental reasons for doing so.

With regard to agricultural trade we believe, again, that there should be a concentration upon measures which most obviously and directly distort a reasonable pattern of trade. We could also well imagine an expanded rôle for food aid transfers and an agreed international stock-building programme.

The needs and interests of developing countries have -- quite rightly, in our view -- been brought into the foreground of our preparations.

We realize that many developing countries do not see any particular interest of theirs served by general lowering of tariffs. But apart from an improvement of the preference system, it should be possible to reach results of importance to them in other respects -- such as, for instance, remaining quota restrictions.

However, for developing countries to achieve a reasonable balance of advantage a new and imaginative attack upon commodity problems seems to be called for. The recent steep price rises on certain commodities are no substitute for durable stability on a remunerative basis in the commodity trade.

The balance of advantage should also, in our view, be seen in relation to whatever steps are taken in the financial and monetary fields.

To conclude, I should like more generally to associate my delegation with observations made by many other delegates about the need for simultaneous improvement in trade and monetary matters. It is our firm hope that there will be a useful interaction between progress to be made in each of these two vital fields.

T.B. ILANGARATNE, SRI LANKA,
MINISTER OF FOREIGN AND INTERNAL TRADE

It is significant that this meeting which marks a critical point in the evolution of international trade, is being held in a country which has made such gigantic strides in the development of its exports that it is today one of the great trading nations of the world.

Sri Lanka has participated in all the previous tariff negotiations that have been held in the GATT. Those negotiations were based on the principles of most-favoured-nation treatment and reciprocity - trading concepts that might have been appropriate for their time. But it has become abundantly clear over the years that there is a need for a re-evaluation of the basic philosophy underlying international trade and co-operation. While it is true that there has been a steadily growing awareness of the problems of development, I suspect that there has been some hesitation on the part of industrialized countries to give full expression to this awareness in the field of trade. This is somewhat perplexing because, after all, trade is a major instrument of development, and, given the magnitude of the development problem, it is of paramount importance that the international community sets in motion new and dynamic measures to meet these problems - to expand and diversify exports of the developing countries, to enlarge markets, to stabilize commodity prices and reverse their unfavourable price trends.

The world trading system as presently constituted is incompatible with the needs of development. We must accept that between regions in different stages of development the principles of reciprocity and free trade and absolute non-discrimination embracing the developed and developing alike must react adversely on the weaker less-developed nations. Although the logic of this argument has long been recognized, unfortunately many barriers still exist.

I believe that this is the time and place for all of us to jointly demonstrate that apparent asymmetry of treatment favouring the developing countries does not of necessity involve asymmetry of advantages. This is the time for us to revise and replace the traditional concepts of international trade. If the developing countries are striving to improve the prospects of their exports it is only because of their desperate need for imports. We can all see that a rising flow of imports into the developing countries also signifies new opportunities and

greater expansion for the developed countries. Fresh efforts are therefore required to create the environment that makes it possible for developing countries to build productive export industries. If the future of the developing countries is to be assured the industrialized nations must concede more and be prepared to reduce and remove tariffs and other barriers to the trade of primary products, semi-processed and processed materials and manufactures of the developing countries. And this meeting offers us such an opportunity.

I therefore welcome the initiative that has been taken by the major developed trading nations to actively support multilateral and comprehensive negotiations directed towards the expansion of world trade and to give special attention to the problems of developing countries and secure for them additional benefits in these negotiations. At the same time, my country would judge the success or failure of the negotiations in terms of the elimination of protective measures in developed countries, the improvement of market access and additional measures to reduce price instability of Sri Lanka's products.

Primary commodities account for the overwhelming part of our exports and they will continue to do so for many years to come. My preoccupation with commodity trade, therefore, would be quite understandable. I would like, in this connexion, to refer briefly to two aspects of trade which are of particular concern to us and on which we would expect real progress. Firstly, tropical products should be treated as a special and priority sector in the negotiations. Concerted action must be taken to eliminate revenue duties and internal charges on tropical foods and beverages, as well as tariffs on their processed forms. Secondly, the escalation of tariffs on processed primary commodities with the degree of processing involved which has become a feature of the import régimes of developed countries must be halted and the duties removed. They constitute a serious impediment to the expansion of imports of processed commodities by the developed countries. These are by no means new ideas. Indeed the GATT Ministerial Meeting adopted these measures as part of its conclusions a decade ago, but regrettably many of the restrictions still remain.

In the long term, even countries like Sri Lanka with limited internal markets must rely on a degree of industrialization. I therefore welcome the action that has been taken by a number of industrialized countries to introduce their Generalized Schemes of Preferences. However, if the Scheme is to be beneficial to all developing countries then its coverage must be extended to include semi-processed and processed products in Chapters 1 to 24 of the Brussels Tariff Nomenclature, for it is in this sector that countries in the early stages of economic development can benefit and develop a base for further industrialization.

The GSP should also be improved by the inclusion of new products in Chapters 25 to 99, the increase in preferential margins and the removal of ceilings and quota limitations. They should be supplemented by the dismantling of the formidable array of non-tariff barriers and other measures which have increasingly assumed the protective rôle that tariffs hitherto performed.

One cannot but make a reference to the current uncertainties in the monetary field. The system of floating exchange rates and their effects on prices have had wide-ranging effects on the terms of trade and the trade balance of developing countries who are unable to cope institutionally with the current instability of foreign exchange markets. It is vital that a sound and effective international monetary system is established to insulate the world economy and the economies of the developing countries in particular, from the buffeting which they are presently receiving. The recent meeting in Washington therefore gives some ground for hope that solutions will be found to the uncertainty and stress that the world is passing through.

This is a testing period for the GATT which has so far served a useful if somewhat limited purpose. In the past, the nature of its membership had tended to make it a policy forum from which the major trading nations have derived benefit, rather than to provide a vehicle to promote the trade of the poorer countries of the world. But I do have the impression that the GATT under the direction of Mr. Long, its able Director-General, is attempting to redress the imbalance and make the GATT more universally accepted. This is all to the good.

The presence of so many personalities at this meeting who are responsible for influencing the growth and development of international trade is a hopeful augury. Given the right motivation this meeting can become one of the great landmarks in the history of international trade. We must give endorsement here at a political level to new concepts and principles which would provide guidance for positive and effective action. I believe that all of us participating in this meeting are faced with one of the great opportunities of this century. We know that history is strewn with the corpses of great opportunities that have been missed. I earnestly hope that this will be one opportunity which will be seized for the benefit of world trade and the trade of the developing countries.

J.F. CAIRNS, AUSTRALIA, MINISTER FOR OVERSEAS TRADE
AND MINISTER FOR SECONDARY INDUSTRY

The Australian Labour Party Government of today greets with enthusiasm the proposals for multinational trade negotiations put forward in 1972 by the United States, the EEC and Japan.

Liberalizing of world trade is important for better allocation of resources within each country and amongst all countries. It is important in raising the living standards of people everywhere.

But it must not be assumed that all that is needed is an international market with rapidly reducing tariff and non-tariff barriers. The world needs more than freer trade in the international market. It needs a stronger committal to human rights, and higher economic and social standards. It needs some redress of the balance of power of the developed countries and their multinational oligopoly, in relation to the much less organized economies of the developing countries.

It needs, too, an effective system to attain and maintain a proper income level for workers and the development of those institutions to assist the transfer of resources to more productive use. Otherwise resistance to change will be strong and justified and it will be more difficult to remove barriers to international trade.

The objective of GATT will not be achieved if necessary adjustments to the economies of participating countries, to be made as trade barriers are lowered, are left to laissez-faire and market forces. In Australia the Government is not dedicated to a laissez-faire philosophy.

Not only these matters are significant and relevant for GATT, but there is more to it than tariff and non-tariff barriers to trade. The world's currency problem is not just a barrier to progress but it is probably a result very much of the diversion of funds and resources to expenditure on war and space. Soon the world's super-powers will realize they cannot afford this and solve international monetary and trading problems at the same time.

But much depends on freer world trade. Now is a good time to set negotiations going. The international economy is strong and buoyant. What is our objective? It must be to keep up the momentum both in these trade negotiations and especially in the monetary reform programme. If we fail to

establish a monetary system that will facilitate and sustain expansion of trade, we will be wasting our time trying to expand trade through these negotiations. The countries which have already reached affluence must take the lead.

More than any other government in Australia for fifty years, the present Australian Government has met its obligations to the international trading community. We have already taken significant steps forward in advance of the multilateral negotiations. Twice in the past few months we have appreciated our currency. In July we took the unprecedented step of cutting all tariffs by 25 per cent. We are giving a 10 per cent preference to developing countries, and propose a further 10 per cent later on.

Australia will continue to carry out our international obligations. We are prepared to negotiate over the whole area of trade.

Australia supports international commodity agreements as one way to achieve greater stability and predictability for world trade in primary commodities - these still make up 80 per cent of our trade. We now hope to establish long-term bilateral agreements as well.

More predictability in international trade is essential for importers as well as exporters. At the present time there are world shortages of a number of key commodities. Natural disasters are part of the cause but I believe that a major contributing cause has been the restrictive import policies of some major industrialized countries. Production of basic foodstuffs cannot be turned on and off like a tap. We need long-term agreements if we are to get the best results.

Commodity agreements are not a panacea for all problems confronting trade but better planning of production can come only if we have international arrangements and bilateral agreements, and industrialized countries must become more ready to import freely. Agriculture cannot be isolated out of the negotiations.

Australia will consider, in the light of what concessions or advantages are offering, what further action would be appropriate - how far we can go in binding the new reduced tariff levels, or whether further reductions can be made in some areas and if so by what methods. But we will retain flexibility and an important consideration will be the willingness of others to negotiate on primary products, and what they are prepared to do to increase their imports.

I am glad that the draft Declaration recognizes that the problems of developing countries must have an important part in the negotiations. The economic problems of these countries are awesome. Unfortunately, past trade and aid policies have not improved their position. Resolution of their problems requires our constant and concerned attention and must include the strengthening of their self-development process and their international bargaining power.

Ways need to be found to enable many of the countries with centrally planned economies to participate more fully in world trade.

Over 1,170 million people live in these countries but they account for only about 10 per cent of world trade. With the ending of the cold war, trade between these countries and the rest of the world has shown marked improvement. This can be a dynamic element in the future expansion of world trade.

The new effort to liberalize world trade comes from the joint initiative by the United States, Japan and the European Economic Community. Success will require that issues of a more general kind be settled by reasonable consensus among all participating countries. It will require a real will on the part of governments to avoid sterile delays and overcome obstacles to agreement.

The Director-General of GATT is being notified that Australia will participate in these negotiations.

PROFESSOR D.P. CHATTOPADHYAYA, INDIA,
MINISTER OF COMMERCE

We are on the threshold of adopting a Declaration which will constitute an important landmark in the history of international commercial policy. The world has been craving for greater freedom in trading arrangements for the last twenty years. Developing countries have, however, anxiously witnessed the limited focus of economic and technological growth penetrating only some parts of the world while bypassing the rest.

We meet, at a time when international relations are undergoing dramatic changes, and negative trends of the past are yielding place to positive responses and new understandings.

One can now make a serious beginning towards realizing the hope expressed by the Founding Signatories of the General Agreement on Tariffs and Trade "so that relations in the field of trade and economic endeavour are conducted with a view to raising the standards of living, ensuring full employment and developing the resources of the world and expanding production and exchange of goods".

Our deliberations here are likely to have their far-reaching effects on our search for a new and viable trade and payments system. The monetary scene has been characterized by disturbed conditions, which have interfered with the harmonious expansion of trade and international capital movement. We reiterate our view that it is on a world-wide scale that decisions about the international monetary system must be negotiated and adopted, if they are to be, as indeed they must be, truly responsive to the needs of the international community as a whole.

We welcome the agreement reached in the Preparatory Committee that the forthcoming negotiations will take into account the specific problems of the developing countries. Similar assurances also emerged from the earlier rounds of negotiations. And yet, this did not prevent the negotiations from being concentrated on the problems mainly of the developed countries. Indeed, past experience suggests that the more affluent nations with the highest tariffs and greatest protections have influenced disproportionately the outcome of the negotiations. So far as we are concerned, the only tangible result of the decision in the Preparatory Committee to engage in this new round of negotiations has been to postpone solutions to the urgent problems of the developing countries, on the ground that most of these would be resolved within the framework of these negotiations. This tendency pervaded the Third United Nations Conference on Trade and Development at Santiago. It is evident in the subsequent deliberations of the permanent machinery of the UNCTAD. We view the present exercise with anxiety and expectation. It would, therefore, be necessary to agree in advance on specific guidelines to ensure that the developing countries would in fact secure additional benefits from this round of negotiations.

The trend towards the liberalization of world trade is no doubt a positive development. However, the recent enlargement of the preferential arrangements among the developed countries, as well as the reduction of industrial tariffs consequent on the present negotiations, will seriously erode the meagre benefits secured by the developing countries under the Generalized Scheme of Preferences. Developing countries can hardly afford to emerge as net losers from this exercise. Indeed, efforts must be made to augment substantially their share in world trade. Against this background, urgent action to make the GSP fully operational assumes considerable significance. This implies speedy implementation by those who have not yet done so and substantial improvements in the schemes already in operation.

One of the essential prerequisites for fulfilling the objectives of the negotiations is to find acceptance for the concept of preferential treatment for developing countries in all sectors of the negotiations. This concept of preferential treatment is not based on the charity of the more affluent nations. It flows from the basic principles of constructive partnership in development carefully evolved and accepted by the international community towards reversing the inequities of the past. We attach the highest importance to this concept. It has found acceptance in the Draft Declaration before us in slightly different language; namely, "differential measures" and "special and more favourable treatment" for developing countries. We presume that this would in effect amount to preferential treatment. If there are any persistent doubts on this score, it would be better to spell out the concept of preferential treatment further.

In the field of tariffs and consistent with this approach, steps must be taken for the advance implementation of tariff cuts in favour of developing countries.

In respect of non-tariff barriers, the implications of preferential treatment for the developing countries in the removal of quantitative restrictions are obvious. We must agree, in principle, to eliminate immediately quantitative restrictions on all products of export interest to developing countries, with a minimum of exceptions for which the programme of liberalization could proceed more slowly.

For other non-tariff barriers, this would imply special attention to the problems of developing countries in the elaboration of codes and guidelines with regard to standards, custom evaluation, health and sanitary regulations, etc. It also implies the provision of technical assistance to enable them to fulfil the requirements of such codes and guidelines.

The agricultural sector will constitute an important area of negotiations for the developing countries. We hope that these negotiations would lead to improved access to the markets of the more affluent nations at stable and remunerative prices for the primary and processed commodities, particularly tropical products on which a great majority of developing countries are significantly dependent for their export earnings. It is necessary, for example, to guarantee to the developing countries a specified share of consumption or imports of a particular commodity in the developed countries with the possibility of progressive increases in the share.

Another area of negotiation which deserves special attention is the expansion of trade among developing countries. The potential for such expansion must be identified and utilized to the benefit of all participants. We regard the full utilization of trade and economic complementarities among developing countries to be an important instrument of international economic co-operation during the coming years. Towards this end, we are co-operating in endeavours to forge closer trade links with neighbouring developing countries, particularly with our immediate neighbours. In this context, some developing countries have considered it necessary to come together in smaller groups to devise mutually beneficial arrangements. While such arrangements are unavoidable and even desirable during the transitional period, our intention must be that these smaller arrangements evolve to larger areas of co-operation, so that the maximum possible economic benefits can be derived from trading arrangements among developing countries.

We are glad that an understanding has been reached about the nature and extent of reciprocity expected from the developing countries. An element of reciprocity is embedded in the import régimes of developing countries which have chronic balance-of-payments deficits. Developing countries, struggling to achieve self-reliance, can further augment their imports only if their export earnings expand commensurate with their trade and development requirements. To this extent, we, on our part, are prepared to make our contributions. Equally, we hope that the trade barriers will be liberalized consistent with our needs and would not depend on the extent of contributions made by us.

Finally, a word about safeguards and adjustment assistance. I would, in principle, urge that developing countries should be exempted from safeguard measures whenever domestic industries of the developed countries are threatened. I would therefore urge that recourse should instead be had to measures for assisting the affected industries in changing over to more competitive lines of production.

The Trade Negotiations Committee will have to draw up the details of procedures for the conduct of these negotiations. Special measures would no doubt have to be devised to deal with the problems of the developing countries. We would suggest that a provision be made for a comprehensive assessment at an appropriate stage before the conclusion of the negotiations of the benefits derived by the developing countries. This would enable remedial action to be taken before it is too late.

These negotiations must be viewed as a continuing and dynamic effort on the part of the international community to seek more realistic solutions and to extend our area of agreement to the more pressing problems of our time.

Having adopted the Declaration, our thoughts turn from policy to implementation, from pronouncements to performance, from promise to review and appraisal. Fortunately, there is growing consciousness in a number of developed countries of the urgent need to bridge the economic and technological gap between the developed and the developing countries. This is a hopeful sign. However, the extent to which our performance lives up to our promise will materially affect the conditions of human welfare and our ability to use this urge for the benefit of mankind. It is with this hope and promise that my country expresses its readiness to participate in these negotiations. Therefore, the conduct of these negotiations must be guided by a moral purpose and directed towards desirable ends by the political will of the international community. Or else, the maximum gains will once again be derived by those nations which have already inherited economic advantage from history. Like the pursuit of peace, the pursuit of prosperity too is indivisible. Leaving half of the globe under the shadow of economic darkness, the rest of the world in motion cannot perpetually enjoy the sunshine of prosperity.

PAUL JOLLES, SWITZERLAND
CHIEF OF THE FOREIGN TRADE DEPARTMENT

May I first congratulate you, Mr. Chairman, on behalf of the Swiss Government and convey to you the best wishes of my Government and of the Swiss people for the future of your country, a nation with which we are honoured to have maintained for over a century relations based on a treaty of friendship and commerce.

As a representative of the country which has the privilege of being host to the GATT secretariat, I am particularly happy that Japan, one of the great trading nations of the world, has taken the initiative of inviting us to Tokyo for the launching of the new round of multilateral trade negotiations. Japan is thus emphasizing her interest in the future development of world trade.

Switzerland shares this interest fully, because her economic relations must of necessity be largely oriented towards the outside world, and foreign trade is an important part of her economic life. This awareness of worldwide interdependence is, I believe, common to both our countries.

The general objectives of the trade negotiations which we are about to open here in Tokyo reflect the determination of our Governments to make further progress on the road opened by GATT: promote the harmonious development of international trade through fair competition and in accordance with multilateral rules and disciplines.

These objectives have without any doubt their own justification and impetus. In the phase of transition and adjustment we are undergoing at present, due to the serious imbalances which have arisen in international economic relations, these objectives must also be viewed against the broad context in which they will have to be implemented, a context which, in particular, requires national and international measures to curb inflation and efforts to reform the international monetary system.

The impact of the mutual concessions to be agreed upon in the forthcoming trade negotiations will thus depend on the success of concerted international action encompassing the various aspects of economic life. Reciprocally, the prospect of new progress in trade liberalization should be conducive to renewed efforts for reinforcing international economic and monetary co-operation.

These basic considerations in our opinion, enhance the significance of our commitment to open new trade negotiations. They justify the importance attached to paragraph 7 of our draft declaration, which highlights the relationship between monetary and trade issues and emphasizes the need for parallel progress in both fields.

With these interdependencies in mind, I can, on behalf of the Swiss Government, support the draft declaration prepared in Geneva, which is meant to become the "Tokyo Declaration".

No doubt the debate thus far shows that this draft does not reflect every wish of each of our Governments. How could it be otherwise, as this text represents a compromise and is the result of an effort by almost one hundred trading nations to achieve a common denominator. Compromise is the price to be paid for reaching unanimity. The true value of the "Tokyo Declaration" as a joint political commitment depends on its being adopted unanimously.

We recognize, however, the usefulness of the individual views which have been expressed thus far or will be put forward in the further course of our meeting. They will enable us to grasp the nature and serious implications of the various concerns and aspirations to be borne in mind during the negotiations.

At this stage, my delegation prefers to emphasize the promising aspects of the draft declaration rather than dwell on its imperfections.

The draft declaration rightly confers to these negotiations a multilateral and universal character. Switzerland attaches great importance to this aspect. Our past experience has indeed shown that, for geographical and historical reasons, the interdependence of national economies of which foreign trade is one of the most tangible expressions becomes apparent first on the regional scale. In the case of Switzerland, this means Europe. However, this interdependence of a modern economy unavoidably widens into world dimensions.

All economies, regardless of their size, structure or organization, are today linked to each other. It follows that the possibility must be given to every interested country, whether a contracting party of GATT or not, to participate in these negotiations.

In particular, we hope that these negotiations shall enable the developing countries, members as well as non-members of GATT, to find in international trade the position which corresponds to the requirements of their development. We shall give special consideration to those measures which can be agreed upon to this end in the course of the negotiations. We do not expect the general principle of reciprocity to be observed by the developing countries. We are, however, convinced that these countries will, of their own initiative, seize the opportunity of these negotiations for adapting and simplifying their import policies to the extent necessary to strengthen the internal competitiveness of their growing economy.

We also attach importance to a second consideration: these negotiations should be viewed in a long-term perspective. Our objectives must be conceived with a view to subsequent developments. Therefore, should the complete elimination of tariffs be out of reach at this moment, the negotiations should lead to their substantial reduction, while at the same time bringing the level of our respective customs tariffs closer to one another. Such a development would not only be economically significant by itself, it would also establish a useful basis on which we could chart our way in subsequent negotiations aiming at our ultimate goal.

Another aspect of the Declaration which deserves to be highlighted is the emphasis put on non-tariff barriers and on the problems of trade in agricultural products. The Swiss delegation recognizes the importance of these two sectors. As our preparatory work has shown, measures in those two areas are often motivated by internal as well as external policy considerations. Therefore, new forms of practical and positive co-operation are called for in these matters, in order to consolidate and extend the scope of progress made in the traditional trade negotiations which have taken place since the creation of GATT. My country is prepared to contribute to these efforts. We should, however, not underestimate the difficulties of the task ahead. Though we have already gathered a great deal of technical information, fundamental choices are still required to make effective negotiations possible. We hope that no time will be lost in the meetings which are scheduled to take place in GATT, from now to the end of the year, to organize our work and establish negotiating techniques.

Finally, one of our main concerns should be to provide international trade with the most reliable and stable set of rules possible. We therefore wish that, further to the reduction or elimination of trade barriers, the negotiations will also lead to a strengthening of multilateral procedures for prior consultations and international surveillance, particularly in the field of safeguard clauses.

We must find the proper balance between the need to cope with temporary difficulties, usually of a sectoral nature, from which no economy can be forever sheltered, and the protection of concessions agreed upon in trade negotiations.

To summarize the Swiss position, let me say that my country favours the opening of a new round of trade negotiations which should be considered part of a comprehensive approach to world economic problems and reflect our determination to solve these problems through negotiations rather than through unilateral measures. As other countries, Switzerland is confronted with the difficult task of adjusting the pace and orientation of her economic growth to qualitative rather than quantitative goals. This is why my Government will give priority to those objectives of the forthcoming trade negotiations which are best suited to contribute to the reliability and stability of the world trade system.

MUSA HITAM, MALAYSIA
DEPUTY MINISTER OF TRADE AND INDUSTRY

After many months of consultations we have finally agreed to come to Tokyo today to launch the multilateral trade negotiations. This, I must say, is no small effort, for it reflects our desire to come to grips with world trade issues and to make a genuine attempt to provide lasting solutions so that our future generations will be able to live in a world free of jealousies, discrimination and conflict.

Malaysia as a developing country, is particularly interested in seeing that the multilateral trade negotiations would ultimately result in every nation being able to obtain a fair and equitable share in world trade. We in the developing countries can no longer bear the various constraints imposed upon our products in the markets of developed countries. We believe in and will strive for a rightful and fair share of what is our due in world trade. As producers of many raw materials upon which the very life of many industries in the developed countries depend upon, we the developing countries, provide the materials, the fuel and the market which has kept millions in the developed world to be employed and to enjoy a way of life which is quite beyond the reach of the average man in the developing world. We have consistently sought that the better half of the world should see reason and the insensibility of maintaining a chasm between the developed and the developing world. We believe that trade liberalization could play a vital rôle in helping to fill up the chasm.

Most developing nations are represented here at this meeting. In fact, this is the biggest gathering ever sponsored by GATT. Our very presence here and especially of the developing countries simply goes to show that we are serious in what we are seeking for.

You will recall that our representatives at GATT, UNCTAD and other international trade forums had stated in no uncertain terms that we would only participate in the multilateral trade negotiations if the negotiations would result in us being able to obtain a more equitable and fair share of world trade. In this context, we would need to know fully the manner in which the negotiations would proceed. The framework, ground rules, techniques and modalities for the negotiations would have to be clearly spelt out and made known to us at a time well in advance of the negotiations, bearing in mind that we will have to have sufficient time not only to evaluate them but also for us to be acquainted with them.

Despite the fact that these necessities had to be made known months ago, little has been done in the right direction. My delegation, is disappointed that the Preparatory Committee for Trade Negotiations (PREPCOM) was not able to bring

out a set of ground rules, techniques and modalities for our consideration at this meeting. I am of the view that the PREPCOM, as such, should not be blamed; but rather the attitudes taken by a few developed countries at the PREPCOM. It is my earnest hope that these few developed countries are now more positive in their thinking on the multilateral trade negotiations so that we would see to the successful launching of the multilateral trade negotiations and the ensuing negotiations.

My delegation finds the Draft Declaration generally acceptable. In our consideration to participate in the multilateral trade negotiations, Malaysia would like to stress that peoples of the developing world should be given due recognition and opportunity to be on their own and to seek a livelihood through international trade without being discriminated against, shut out of markets and made to restrain their exports. We have not come here to beg but rather to try and make the more affluent of our human race to see reason, to have a genuine political will to negotiate, and to devise lasting measures to solve the trade problems which the world has brought into itself; so that economic tensions and frictions would be reduced and our farmers, manufacturers and exporters would no longer have to scale high tariff walls or be obstructed by non-tariff barriers. In other words, none of us should regard our participation in the multilateral trade negotiations as doing a favour to anyone else but that we want to see to the success of the multilateral trade negotiations because it is in the overall mutual interest of promoting stability and peace in the world. Here, we are no less equal than others.

The international community has generally realized that the gap between the rich and poor nations should be reduced. It has generally taken a number of collective steps to try and bridge the gap, including the recognition that in the field of tariffs and non-tariff barriers the developing countries cannot as a matter of course, be expected and should not be compelled to give up anything in return to the developed countries. The principle of non-reciprocity should, therefore, be clearly understood by the developed countries in the multilateral trade negotiations. It is beyond the resources of the developing countries, and therefore, unjust to demand or expect the developing countries to match or follow the direction taken by the developed countries in the field of tariff and non-tariff liberalization. In connexion with the question of the less developed of the developing countries, my delegation is of the view that these countries should receive special treatment in the multilateral trade negotiations.

The officials of various countries had worked hard at the PREPCOM. But at the conclusion of its business the PREPCOM was still not able to settle some of the issues among which is the question of the relationship between trade and monetary

matters. Any direction or decision taken on this matter will have a great impact upon the daily lives of the people of my country and others as well. In this context, my delegation holds the view that the monetary system should take account of the special characteristics of the economies of developing countries.

We have come a long way to Tokyo. It is our fervent hope, therefore, that the ensuing negotiations would succeed, thus making the world a better place for us, free of trade incumberances, and a market for all. These I am confident would lead to a better world order for which I am sure all of us here are striving for.

GABRIEL MARTINEZ, ARGENTINA,
AMBASSADOR, SPECIAL REPRESENTATIVE FOR THE
GATT TRADE NEGOTIATIONS

(Translation from Spanish)

We are witnessing an irreversible process of change in international economic relations. The monetary and trade system that emerged from Bretton Woods and from the failure of the Havana Conference has never been consistent with the interests of the developing countries and is not suited to present realities. And the frequent crises that have been occurring since mid-1971 are an eloquent indication that the existing system is not satisfactory either for the great trading powers that participate in it. A quarter of a century ago the legitimate interests of two thirds of mankind were sacrificed in order to promote the reconstruction of economies that had been devastated by armed conflict. This may have been justifiable as an emergency situation but there is no doubt that since then there has been undue delay in reformulating the bases of international co-existence from the overall aspect. The Prime Minister of Japan has spoken to us of a new feeling of solidarity and the need for mutual understanding in order to solve common problems. For many years past the developing countries have been underlining the urgent need for an international economic system that can take account of and correct, in reciprocal relations, the inequality of possibilities and resources existing as between industrial and developing countries. What we have said is confirmed by reality in that, as the representative of the European Communities mentioned in his statement, there is an ever-widening gap between the industrial and the developing countries.

From the outset, the Argentine Republic rejected the new order that had been imposed, considering it as being unjust and inappropriate for the country's economic and social development, and joined in the machinery for application of the system only when it believed that the developed countries were beginning to take cognizance of their duties and responsibilities toward the developing world and that possibilities existed for setting in motion a real process of change in which its contribution could be of value. The opportunity which the Kennedy Round of multilateral negotiations seemed to offer for the developing countries was not fully taken advantage of, and the requests and fundamental

interests of those countries were once again unheeded or left aside. The rules adopted for the negotiations did not match up to the principles approved by the GATT Ministers in May 1963, and as a result the developing countries did not derive any significant advantages. Subsequent realization of this was a decisive factor for broad acceptance of the principles of preferential treatment and non-reciprocity which are essential if equity and justice are truly to exist in international economic relations and if the objectives of GATT, for raising standards of living, and ensuring full employment and a large and steadily growing volume of real income for all parties, are to be a tangible reality.

In this context, - and again at the outset taking into account their own interests and problems - the principal developed countries decided to reformulate their trading and monetary relations and to enter into negotiations of undeniable historical significance, as the United States Secretary of the Treasury put it.

If this new and significant move forward is to yield effective benefits for the developing countries, we shall have to continue boldly yet realistically to envisage substantial changes in the existing rules of international co-operation. Once and for all, it should be recognized that the possibilities and needs of the developing countries and of the developed countries correspond to different problems, and that if one wants to be just, the objectives, principles and means of action to be applied must also differ.

The Argentine Government is sympathetically disposed toward the process of new and ambitious multilateral negotiations that will follow from this meeting; at the same time, however, it wishes to express serious doubts that unless the basic principles and objectives set forth in the draft Declaration before us are amplified and improved, we may obtain nothing more than residual benefits from the expansion and possible liberalization of trade advocated by the developed countries. There is no doubt that, at the moment of deciding to initiate these negotiations formally, there still remain many inconclusive or imprecise questions, and others which have not been adequately considered. It is probable that because of the serious international situation, a decision of such importance cannot be delayed; in our view, however, the Preparatory Committee did not fully carry out its mandate and additional preliminary work will be necessary in the proposed Trade Negotiations Committee.

Argentina will participate in the Committee's work and will do so, as hitherto, in a pragmatic and constructive spirit. But at the same time, the Argentine Republic states that it will act with the utmost resolve and firmness with a view to winning full acceptance by the developed countries of some concepts that it considers essential, and with a view to the establishment of special rules, techniques and modalities to facilitate and promote effective participation by the developing countries in the negotiations as such.

At their recent meeting in Brasilia, the Latin American countries reviewed the progress made to date within GATT and the proposals for immediate action, reaching concordant conclusions. Latin America is not satisfied, but hopes that this time the great trading powers of the world will not repeat the errors of the past and will act in future in the conviction that the development of the international community must take shape in a climate of solidarity and interdependence, based on fundamental principles of equity.

There is an undeniable interdependence between the strictly trade and monetary problems, which are taken up within the GATT and the IMF according to their respective fields of competence, and other related questions that are also in the forefront of the concerns of the developing countries, such as questions relating to maritime transport, transfer of technology, restrictive business practices in relation with the activities of multinational undertakings, development financing and other matters normally considered in other international fora. The problems have already been fully discussed and the only thing lacking is the decision to accept that this parallel action should be undertaken as part of the measures that together make up the political effort that the international community is preparing to undertake.

At this time, Argentina is envisaging making far-reaching changes in its economic and social structure within the context of a vigorous and sustained process of national reconstruction. In the external sector, an export expansion policy has been defined with a view to recovering, in a national spirit, Argentina's share in world agricultural markets, to planning ever more dynamic export-oriented industrial and technological capacity, and to diversifying and expanding markets while establishing closer economic and trade relations with all countries without exception, and excluding marginalisms and interference of any kind.

The production targets which my Government has recently agreed upon with agricultural and forestry producers are in line with the new concept of producing for export. Thereby, the strengthening of Argentina's presence in international trade in foodstuffs and agricultural raw materials will contribute to relieve the tensions and disequilibria that have been apparent in world trade in these products. In addition to striving to achieve the specific objectives that are common to all the developing countries, Argentina will lay special emphasis, in the Trade Negotiations Committee, on the need to clarify the objectives and elements of negotiation for the agricultural sector. My delegation considers that in this context the great trading powers should agree that the negotiations cover all the factors and elements that hamper or prevent international trade in agricultural products or that disrupt production thereof, thereby affecting in particular the interests of producing and exporting developing countries.

J.A. WALDING, NEW ZEALAND,
MINISTER OF OVERSEAS TRADE

New Zealand welcomed the initiatives of the major trading nations - the EEC, the United States and Japan - reflected in their joint declarations of February 1972, which paved the way to the present meeting. New Zealand had no hesitation in notifying the Director-General of GATT of its intention to enter into negotiations immediately following this meeting.

We welcome the presence here today of the majority of developing countries of the world. We believe their participation in the negotiations is essential to a new and equitable world trading order.

But, as a small nation, like many of our developing country colleagues, we do not wish to participate only as spectators at a gladiatorial contest. Because of their importance in world trade, the EEC, the United States and Japan have, in addition to the prosecution of their own interests, a responsibility to accept a commitment to work for the expansion and greater freedom of world trade to the mutual advantage of all nations. We are confident that this responsibility will be fully recognized.

New Zealand is one of the major world exporters of livestock products - meat, wool and dairy. These, and their by-products produce over 80 per cent of our foreign exchange earnings. We have also a vigorously developing export trade in the products from our forests and factories. We look to substantial increases in export sales from these sectors in coming years.

New Zealand is interested in all aspects of these negotiations, but our greatest emphasis is to seek a firm basis for future trade for our food and fibre products. Our objective is to gain assured opportunities for expanding sales of our products to a diverse range of markets, protected against unfair competition and against the arbitrary erection of new trade barriers.

Some contend that agricultural trade represents a special case and should be set aside from trade in other products for different treatment. This belief is not shared by New Zealand. The linkages between trade in agricultural products and national economic and social policies are intimate and complex. But these linkages also apply to industrial production. Any distinction is one of degree rather than of kind.

To put this another way, we are expected through our adherence to the General Agreement to abide by the rules which have been most vigorously applied to trade in the industrial sector and which can be severely limiting to the scope New Zealand has to encourage the development of our own manufacturing industries. We must grapple with the social and economic difficulties these requirements impose, and this can also be expected from other countries for whom the agricultural sector is the more sensitive.

What we are working for is a sense of balance. New Zealand cannot accept that we should provide assured market opportunities for the competing imports of other countries if we cannot see assured market opportunities for our agricultural exports.

The problems in liberalizing trade in agricultural products are not insurmountable. There is no justification for treating agriculture in a manner different from that which has already yielded substantial benefits in the manufacturing sector. Indeed, because barriers against agricultural products have not been removed to the same degree as elsewhere major steps are urgently required.

We expect that the procedures to be determined by the Trade Negotiations Committee will apply equally to agricultural as to other products. In examining the possibilities for new rules or principles to govern the conduct of international trade, it should be clearly understood that comparable measures will apply to industrial and agricultural products.

New Zealand is fully prepared to negotiate constructively to seek solutions to the problems facing trade in agricultural and industrial products. We are prepared to make a positive contribution and meaningful concessions within the framework, recognized in the General Agreement, of our policies of full employment and the continued development of the New Zealand economy.

I would like to mention the question of safeguard. The present safeguard procedures embodied in the GATT are not well adapted to present-day needs. We believe that the development of effective safeguard provisions is most important if progress is to be made in the more sensitive areas of agricultural and industrial trade. It is obvious that work aimed at developing adequate safeguard provisions must proceed in parallel with measures contemplated elsewhere in the round.

Current market conditions imply that for some agricultural products - and I am here thinking especially of meat - the time is right for action now to preserve the improved conditions for world trade which have followed the recent suspension of some of the protective arrangements previously enforced by major importing nations on meat imports. By all assessments there will be a deficit in world meat supplies through the rest of this decade unless substantial increased production is forthcoming. Some of the increased production required will come from the domestic herds in the main consuming countries. But if demand is to be met at acceptable price levels increasing quantities will be required from the traditional meat exporting countries which have the resources, the technology and the willingness to supply the quality and wholesome product the market demands.

As long as there is uncertainty about long term markets livestock producers in exporting countries will be reluctant to make the investment necessary to supply the increased production required. To ensure adequate future supplies and to contribute to the development of stable world market conditions for meat, importing countries acting together should seek a basis for assuring future access to their markets for all meat and meat products. I regard this as an urgent task to which the Trade Negotiations Committee must give priority attention.

I want to emphasise two further points. The first is that New Zealand is well aware of the social, economic, strategic and political factors which have led governments of all persuasions to seek to protect their own agricultural producing sectors. We believe that the basic problem in terms of international trade is not that there has been protection but that the extent of that protection has been excessive - to the extent of denying in numerous cases, all but token imports of competing products. New Zealand does not ask that other countries do away with their agricultural support systems any more than we can contemplate the complete abandonment of our own developing industrial sector. But what we seek for sensitive products such as dairy products, is sufficient adjustment in the mechanisms and degree of protection policies to permit regular, meaningful and expanding trade opportunities in the markets of the main industrialized countries. We believe this can be achieved without harming the interests of domestic producers in those countries, bearing in mind the small volume of trade which would be involved compared with the present scale of production in these markets.

My second point is to acknowledge the emphasis placed in the Declaration on the position of developing countries. New Zealand strongly endorses the approach to be taken in the negotiations on issues of concern to the developing countries and will work with those countries in seeking solutions. In this work economic considerations will obviously be relevant but no less and indeed more important is the humanitarian support for developing countries which are working hard to improve their standards of living.

The time for general debate will soon be over and negotiations must start.

The Preparatory Committee has given exhaustive consideration to the Declaration which is now before us and which my government has authorized me to support.

We now look for early and substantive progress.

We are all aware of the difficulties in reaching agreement on specific issues - but some of these are ready for resolution. We must not let these opportunities pass.

FRASIT KANCHANAWAT, THAILAND,
MINISTER OF COMMERCE

The delegation of Thailand feels indebted to GATT for the initiative that it has taken to invite non-contracting parties to attend this Ministerial Meeting on the Multilateral Trade Negotiations. We are also grateful for the warm and hospitable welcome that has been extended to us by the people and the Government of Japan. We are further appreciative of the excellent arrangements and facilities that have been made and provided for our deliberations.

The delegation of Thailand should also like to extend its warmest felicitations to you, Mr. President, for your unanimous election to the high office of this meeting. Your combined wisdom and wide experiences leave no doubt that this meeting shall be guided to a consensus which all of us hope will usher in a new era of international trade relations, thus ensuring for all countries fairer and more equitable share in the expansion of world trade.

Indeed, the pattern of world trade, as presently evolved, has failed to enhance the progress of the developing countries towards the achievement of a higher standard of living for their peoples. International trade, once accepted as an important vehicle of growth, can no longer be depended upon by the developing countries as a dynamic source of foreign exchange to meet their financial and development needs. Much is wrong with the existing world trade pattern and system.

Thus, my country has noted with serious concern the trend towards protectionism of inefficient agricultural production in some advanced nations, which has adversely affected primary export items of interest to developing countries. We are also alarmed by the prominence of non-tariff barriers in agricultural trade policies of a number of developed countries. Again, such diverse measures as subsidies, quota, health and safety measures that are implemented with protectionist intent, have been instrumental in inhibiting the more rapid growth in trade of developing countries.

Moreover, the efforts of the developing countries to diversify into the export of manufacturing products have met with similar treatment. Such items as textile and leather products from the developing countries are subject to highly restrictive treatment and regulations in international trade.

The plights of the developing countries have been recognized, their basic economic problems have been identified and a number of principles and recommendations to create conditions conducive to a more rapid growth of the

economies of the developing countries have been agreed upon between the developed and the developing countries at various international forums. Yet, there has been no appreciable and concrete translation of these agreements in principles into action, except for the implementation by the developed countries of the Generalized System of Preferences favouring mainly the export of manufacturing products of the developing countries. Again it is to be regretted that not all developed countries have carried out their commitment while a number of schemes presently operative are of limited benefit because of their narrow product coverage, stringent control of the tariff quota for certain products and complex administration of the schemes itself. It is understood that new elements would be injected to ensure that any improvement will be of real and lasting benefit to the developing countries.

We are meeting in this capital of a great nation to plan bold and concerted initiatives not only for a new world trade system but also for an improvement in the control over the conduct of international trade relations among and between nations. We will surely fail, unless the interests and aspirations of the developing countries are taken into consideration.

My delegation is therefore gratified that the draft declaration which has been prepared for our consideration by the Preparatory Committee for Trade Negotiations, has in fact taken account of the need to establish a link between the requirement of the developing countries and the expansion of world trade together with the advantages resulting from this expansion.

Our gratification, however, is not unaccompanied by certain disappointment that two issues of great importance are yet to be resolved. I am referring, of course, to the connexion between monetary improvement and trade solutions and to the position of the least developed among developing countries.

On the first issue, the burden of the crisis in the international monetary system has fallen most heavily on the developing countries and the solutions that have so far been arrived at have been far from eliminating this burden. Thus, my delegation strongly feels that the third sub-paragraph of paragraph 7 should be amended to read as follows:

"The monetary system should take account of the special characteristics of the economies of the developing countries and their problems in the fields of trade and development financing."

As for the second issue, my delegation has no hesitation on supporting the view that the least developed among the developing countries should be given special treatment.

In bringing my remarks to a close I must reiterate that my country, along with other developing countries, do not seek nor expect charitable concessions. We only want a just and equitable share of world trade so as to enable us to accelerate the rate of development of our economy. To this end, additional benefits to the developing countries must be real and substantial in the final outcome. In this context, my delegation is compelled to remind the meeting that the application of the principle of reciprocity, even where the developed countries do not expect developing countries to make contributions inconsistent with their needs, must necessarily reduce whatever additional benefits that may accrue to the developing countries.

BENGT DENNIS, SWEDEN,
FIRST DEPUTY MINISTER OF COMMERCE

The Swedish Government welcomes the agreement reached in the Preparatory Committee during the meeting in July on a draft declaration acceptable to developed and developing countries, to GATT countries and non-GATT countries alike. We find it encouraging that it has been possible to agree on a new round of multilateral trade negotiations so shortly after the final implementation of the Kennedy Round cuts and furthermore with a coverage both in terms of trade measures and of products that can be expected to be greater than in any previous trade negotiation. This proves the existence of a strong political will to liberalize and expand world trade further. Although the objectives of the Kennedy Round were as far-reaching as the aims of this new round of negotiations, its results were mainly limited to the tariff field. This time we are determined also to cope effectively with various kinds of non-tariff barriers and the special difficulties facing developing countries.

As we all know the draft declaration represents a compromise. It means that all of us have been obliged to accept a solution that might not exactly correspond to our respective ambitions. Thus, my country has stated that our long-term objective should be a complete elimination of tariffs in the industrial sector. This remains our goal. To the extent that such a goal cannot be realized during the forthcoming negotiations the Swedish Government expects the negotiations to lead to a substantial reduction of tariffs, in particular the highest tariffs. To give a reasonable reciprocity also low tariff countries like Sweden should be prepared to reduce their tariffs. An essential task for the Trade Negotiations Committee should be to consider the possibility of reaching agreement on a formula of a general character for a multilateral reduction of tariffs. This formula should in our view imply an equalization of the tariff protection between countries and also between industrial sectors within the individual countries. Such a formula would also be in line with the long-term objective of a final elimination of tariffs. My country is prepared to give active contribution to such efforts.

It is with particular satisfaction I note that practically all developing countries, including non-GATT countries have decided to participate in the negotiations. We hope that those developing countries which have not yet decided to participate, will find it possible to join us at a later date. We attach considerable importance to the particular interests of developing countries in these negotiations and will give every possible assistance to

finding suitable and satisfactory solutions in the different fields. We recognize that special consideration will have to be given to the problems of the least developed among the developing countries.

As a developed country we don't expect reciprocity from developing countries for concessions made in the negotiations. We do believe, however, that there are areas where also developing countries could contribute to the expansion of world trade in accordance with their individual development and trade needs, for instance in the field of non-tariff barriers.

Agriculture is bound to form an important part of the negotiations. As agreed in the draft declaration the aim of the negotiations is the expansion and ever-greater liberalization of world trade, which can be achieved inter alia, through the progressive dismantling of obstacles to trade and the improvement of the international framework for the conduct of world trade. The negotiations in the agricultural field should be in line with this general objective. The draft declaration, however, also recalls the specific problems of this sector. Account should be taken of the special conditions within the agricultural sector and the special characteristics of trade in agricultural products.

We believe that non-tariff barriers will play a very important rôle in our negotiations. It is increasingly felt that the non-tariff barriers have great trade hampering effects. In some instances we have seen how these barriers even totally prevent trade.

In the discussions in the Preparatory Committee much attention has also been given to the monetary issues. My Government is fully aware of the need to come to an agreement with regard to the monetary system. The monetary discussions and our trade negotiations must both be pursued effectively and speedily. Should, however, progress in any one of these two fields turn out to be less rapid, this must not in our view allow for a corresponding slow-down in our work in the other negotiation.

Let me say a few additional words about our future programme of work. An important achievement, in our view, is the agreement that the Trade Negotiations Committee shall hold its opening meeting before 1 November and that the negotiations should be concluded in 1975.

To be able to terminate the negotiations successfully within the time-limit we have set ourselves, we have to enter the active negotiating stage as soon as possible. We know that some countries are not prepared to embark upon the negotiations immediately. The Trade Negotiations Committee will nevertheless have essential tasks already from the beginning. For example it should be considered how the tariff study data can be a useful tool in facilitating the progress of the negotiations. We also consider that the Committee at its first meeting should decide on establishing the necessary institutional machinery.

I should finally like to add a few remarks on the social implications of further world trade liberalization. The more ambitious we set our trade policy goals, the more attentive we must be on the ultimate objectives of our work. The General Agreement aims - as stated in the preamble - inter alia at raising standards of living and ensuring full employment. These political and social objectives must not be forgotten when we now enter the stage of negotiations. Nor are we permitted to forget that a prerequisite for further trade liberalization is domestic manpower, social and economic policies to create favourable social conditions facilitating the adjustment process necessitated by changing patterns in world trade.

STANISLAW DLUGOSZ, POLAND
FIRST DEPUTY MINISTER FOR FOREIGN TRADE

In recent years Poland's imports from GATT countries have been increasing dynamically and have considerably surpassed the average rate of expansion of international trade as a whole. It only proves that the Polish economy is being more and more actively engaged in international division of labour.

For these reasons Poland is vitally interested in conditions and principles which it has to meet within international markets. Our country's economic policy fully meets both GATT rules and the goals of a new round of multilateral negotiations but its efficient application can be carried out only in conditions in which Poland enjoys the same treatment and rights as other contracting parties.

Our standpoint, therefore, is that the crucial rule - which should govern all aspects of international trade among GATT countries should be the most-favoured-nation treatment. A principle of mutual advantage, of mutual commitments and of global reciprocity should not in any case be treated as an alternative to the most-favoured-nation treatment.

The most-favoured-nation treatment is a synthesis of the main principles and goals of GATT. As the prime principle it is formulated in Article I of the General Agreement. This principle does not allow any form of discrimination among contracting parties. Poland, on its part, fully observes this principle and firmly believes that a process of its successive erosion, evident in recent years, ought to be stopped.

Our considered opinion is that a possibly broadest participation of countries in the new round of multilateral negotiations is in the interest of the CONTRACTING PARTIES. Therefore we stand for working out flexible rules which should enable also non-GATT countries to join the negotiations during the course of the new round. Our view is that negotiating rules should take into account the interests and possibilities of all participating countries considering in particular the special situation of developing countries. We believe that the interests of these latter countries should be taken into account during the current round to a much fuller extent than it had been the case during the Kennedy Round.

We consider too, that the rôle of GATT in international trade policies will, to a great extent, depend upon the measure to which also the interest of countries other than the big trading partners will be respected in the forthcoming negotiations.

The new round may have an important impact on the future of international trade. It starts in a very favourable international situation. Gradual process of detente on different levels of international relations, which was, to a great extent, the result of the consistent policy of the socialist countries, gives a new impetus particularly to efforts made and solutions sought for the development of international economic relations. This will have a feedback effect on the process of political detente.

Recent negotiations among great powers, on broad international issues, as well as multilateral discussions now in progress within the framework of the European Conference on Security and Co-operation - all this makes possible to say that the world has moved from the stage of confrontation to the stage of negotiations. It is our belief that the new round of multilateral negotiations should make an important contribution to this end.

We want to express our anxiety that some GATT countries have still maintained discriminatory practices levelled against other member countries. These practices have no objective ground whatsoever and result, with respect to us, from purely arbitrary interpretation of the mechanism of our economic system. We are convinced that political and economic differences existing among various countries do not constitute any obstacle to an advantageous and efficient economic co-operation. Our standpoint is that all the remaining discriminatory practices among the contracting parties should be definitely eliminated during the new round.

I want to emphasize that central planning in Poland is in no way an instrument to hinder foreign trade or its economic effectiveness - but on the contrary it is an instrument of its optimization.

We are of the opinion that better understanding of these problems may serve a much wider issue - namely improving the trade pattern between countries with differing political and economic systems.

It is a well known fact that presently more than a half of the world trade is carried on within preferential groupings and arrangements. Although we appreciate the rôle of economic integration in shaping a more rational pattern of the international division of labour, we consider that any integration should be implemented in such a way that it does not encroach upon the interest of the third parties. This principle is being strictly observed by Poland, as a member of the Council of Mutual Economic Assistance, which is a grouping strengthening the economic potential of its members, not narrowing but expanding the capacities of trade with the third parties.

We favour proposals calling for the complete elimination of tariffs on industrial goods. However, if this were not feasible in respect of all industrial goods, efforts should be made to agree on an arrangement which would cover the broadest possible scope of such goods. In particular such an arrangement should cover goods which fall within industrial co-operation or specialization agreements.

In respect to the agricultural sector we consider that - even allowing for some of its specific aspects - we should aim at a far reaching liberalization of the trade in agricultural commodities, covering by negotiations the widest possible scope of them, and subjecting to negotiations the instruments of agricultural policies as well.

We want to emphasize that for countries which have been traditional exporters of agricultural and food products, such as Poland, progress made in this sector will determine, to a considerable extent, the total balance of benefits gained by them from the new round and thus will determine the scope and character of their concessions.

Our standpoint is that the current negotiation should cover all para- and non-tariff barriers which have seriously hampered the expansion of international trade up to now. This is why no para- or non-tariff barrier should be excluded a priori from the negotiations.

Poland supports proposals put forward for the improvement of a system of safeguard clauses applied in conformity with the General Agreement. In particular we consider that a modified system should provide for specified criteria determining their application, should provide for setting up an international supervision in this respect, and should eliminate any possibilities to apply the system in a discriminatory manner.

Poland is in favour of an equitable international division of labour. In our opinion - rational and mutually advantageous investments undertaken on an international level will more and more influence both the direction and the pattern of international trade in future. We are for the elimination of all barriers which hamper these objective and sound tendencies - including the elimination of those obstacles which result from disturbances in the mechanism of international payments.

The Polish delegation declares its readiness to participate in the works of the Negotiations Committee and in the forthcoming multilateral negotiations. We are ready to take an active part in those negotiations on the basis of the most-favoured-nation treatment and of mutual advantages.

S.L. MULLER, SOUTH AFRICA,
MINISTER OF ECONOMIC AFFAIRS

In my country, as in other countries represented at this important gathering, the expansion of international trade is looked upon as an important means of providing employment opportunities and rising standards of living for all our people.

South Africa accordingly welcomed the Joint Declarations early last year by the United States of America, the European Communities and Japan in which it was suggested that international economic relations should be revised by means, inter alia, of a further round of multilateral trade negotiations within the framework of the General Agreement on Tariffs and Trade. We have accordingly co-operated in the work of the Preparatory Committee whose recommendations regarding the principles which are to govern such a new round of trade negotiations are embodied in the Draft Declaration before us.

It now remains for us to decide whether the negotiating principles recommended by the Committee are sufficiently realistic and flexible to ensure the success of the new round of trade negotiations or whether they should be refined, amplified or modified in order to give fuller recognition to the realities and complexities of the changing world of today.

While the Committee's recommendations are, in general acceptable to my Government, I would like to amplify our acceptance of them with a few observations of a more specific nature.

Not all the countries participating in the negotiations will be able to make comparable contributions to the objectives of further trade liberalization.

Their inability to do so stems from the great diversity of economic and social conditions and tasks with which each of them is confronted, as well as the great differences in stages of economic development already attained by them.

The traditional distinction between developed and developing countries alone does not adequately take into account these important differences between individual States. Even within each of these two broad categories there are fundamental differences between the respective stages of economic development achieved by individual countries and, consequently, in the need for each of them to pursue policies which will promote the further expansion and diversification of their economies. This need necessarily also limits the ability of a country in the early stages of industrial development to adopt more liberal import policies in the form of a dismantling of tariffs and other barriers to trade.

My Government believes that proper recognition should be given in the new round of trade negotiations to the diverse needs of individual contracting parties, consistently with the provisions of the General Agreement relating to such negotiations.

In addition account should be taken of the contributions already made by individual countries to previous rounds of tariff negotiations within the framework of the General Agreement.

In the case of my country - and this may well apply also to some other countries - the contributions we have made in previous rounds of multilateral tariff negotiations have been substantial. Indeed, they have considerably reduced our ability to offer further meaningful tariff concessions in the new round of trade negotiations without jeopardizing the continued expansion and diversification of our economy and provision for a growing population.

We agree that, in order to be of an equitable, realistic and balanced nature, the new round of negotiations should cover all the subjects which have been included in the Draft Declaration before us. It is, of course, understandable that certain countries participating in the negotiations will attach more importance to some of these subjects than to others. However, my Government considers it essential that emphasis should not be placed in the negotiations on some of the subjects at the expense of others identified in the Draft Declaration.

It is worth recalling that considerable progress has already been made in previous rounds of multilateral tariff negotiations with the reduction of tariff barriers to trade. While further progress in this direction and, more particularly, further progress with the harmonization of the tariffs of the industrialized nations is desirable, it is equally necessary that positive results should be attained in the negotiations on the other matters covered by the Preparatory Committee's recommendations.

In particular, we would like to see further progress made in the negotiations towards the solution of the problems affecting the world trade in primary commodities and, more specifically, the removal of unjustifiable restrictions on the trade in agricultural products. We would hope that the forthcoming negotiations would produce satisfactory arrangements for the dismantling of excessive agricultural protection which severely restricts the trade opportunities of agricultural exporting countries. Progress in this direction is essential if the agricultural exporting countries are to enjoy a reasonable balance between advantages and commitments under the General Agreement.

As far as the tariff negotiations are concerned, we believe that no negotiating technique should be ignored or simply discarded which might in any way contribute to the objective of maximizing the results of these negotiations.

Thus it is conceivable that some countries might, for valid reasons, find themselves unable to participate in negotiations for tariff reductions on a linear basis although they might well be able to do so on a commodity-by-commodity basis. These countries should not be excluded from the negotiations merely because of the adoption of a single negotiating technique which, while it may suit the circumstances of some countries, may not meet the particular needs and objectives of others.

We also believe that maximum results would only be achieved in the negotiations if additional safeguard procedures are formulated to enable individual countries to deal speedily and effectively with the problem of disruptive competition from imported goods. We recognize that the use of any such additional safeguard procedures will have to be subjected to certain clearly defined principles if their abuse is to be averted. However, we submit that, in the formulation of additional safeguard procedures, proper account should be taken of the special circumstances of countries in the early stages of industrial development. The smaller and younger industries of these countries with a relatively restricted domestic market could be totally disrupted by unduly low-priced imports from other sources.

Having made these observations I would like to pledge my Government's support for the Draft Declaration now before this meeting.

A.J. SOKO M.P., ZAMBIA,
MINISTER OF TRADE AND INDUSTRY

It is a pleasure for my delegation to come here to attend these negotiations. Zambia, as you are already aware, is a developing country, and, like many other developing countries, Zambia did not participate in the 1964 to 1967 Kennedy Round of negotiations. It is, therefore, most gratifying now to note that many, if not all, developing countries are today freely participating in these global negotiations. A credit to this effect must go to the Secretariats of both GATT and UNCTAD who have worked amazingly hard and indeed made it possible to provide all of us gathered here with the necessary information relating to these negotiations; as well as basic data about trade obstacles - grouped under the headings of tariffs and non-tariff barriers - in both industrial and agricultural sectors; and the techniques and modalities of negotiating.

I would now like to turn to the main concrete question that this meeting is facing and to outline briefly my delegation's position. The Kennedy Round trade negotiations mainly focussed on resolving the problems encountered by the developed countries giving very little attention to trade obstacles affecting the trade of developing countries, especially in the fields of industrial and agricultural sectors. It is the view of my delegation, therefore, that serious consideration to the trade problems of developing countries and more so to those being experienced by the least developed among the developing countries must be the prior occupation of all participating countries in the 1973/75 round of negotiations.

As all of us here are aware, Zambia is a land-locked country bordered by unfriendly countries which are still under the minority white régimes. Zambia's land-locked position is seriously inhibiting the accelerated expansion of its trade and economic development. I am sure, I need not emphasize the point that its geo-political isolation leads to special problems connected with its transit trade, such as difficulties in bulk transaction, and very high transport costs. I have deliberately termed these problems as "special" because these are additional problems to the common trade problems experienced by all developing countries, such as the fiscal and non-tariff barriers that effectively restrict entry into the markets of developed countries of both industrial and agricultural products from developing countries. The net result of such restriction is the adverse effects on developing these countries' export earnings, and hence the chronic balance-of-payments difficulties.

The principles underlying these negotiations are those contained in Resolution 82(III) of 20 May 1972 in Santiago and also in the preamble of Volume IV of the GATT rules which are, among others, to raise standards of

living, ensuring full employment and large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods. All our conclusions during these negotiations must, therefore, be based on these principles. Similarly, all the recommendations contained in the November 1971 report by the Group of Three must be closely followed during these negotiations.

The safeguard provisions of Article XIX of the General Agreement on Tariffs and Trade need serious consideration and such considerations should adequately reflect the interests of both developed and developing countries during these rounds of negotiations. It is the view of my delegation that any emergency action taken by a developed country against another developed country, might as well affect a developing country not responsible for the injury or threat of injury justifying the emergency action. It is, therefore, suggested that imports from developing countries should be exempted from measures applied under this Article and that in cases where developing countries are the suppliers of the products concerned, consultations under Article XXII must be carried out before resorting to Article XIX.

The basic idea of encouraging the growth of international trade is accepted as a solid principle upon which the prosperity of all mankind should be built. Whilst this policy is generally accepted, it is also true to say that it is hardly practised in its objectives by the international community. One of the agencies which has pioneered this principle is the GATT. However, even the GATT, for historical reasons, has itself found it necessary to make certain exemptions in its general principles which have tended to negate the guidelines laid down for the general improvement of world trade across national boundaries and trading blocs and, in particular, with regard to developing countries in their quest to increase trade.

It should not be surprising though that this is so. The original contracting parties to the GATT had common problems which they sought to resolve amongst themselves. In this regard they had common interests to safeguard, and the principles adopted should be looked at frankly and squarely in that light when they relate to developing countries.

We developing countries came late into the scene and find that some of the basic principles, when interpreted, conflict with our basic norms and ideals. As stated above, the kingpin upon which GATT is based is the development of international free trade. One begins to doubt whether the signatories to this Agreement ever considered what effects this could have if it was put into practice between developing and developed countries. That the signatories were aware of this is not in doubt, but deliberations to resolve it have been hidden in clouds of escape clauses which have sought to avoid an open acceptance of the weaknesses of the Agreement.

What we find now is an ambiguous position, which, on the one hand, advocates free trade across the whole world including trade between developed and developing countries, but at the same time, excepting developing countries from fulfilling these conditions when in conflict with their development requirements. This double statement has landed itself into many interpretations. This could be simplified by merely advocating a status that accepts or encourages free trade only amongst countries at the same level of development.

The necessity for this distinction has become even more urgent now as a result of our pending negotiations with the EEC, which has now, in no uncertain terms, strenuously attempted to exploit the weaknesses of the GATT Agreement to the full, in its policies towards forging trading links with developing countries. Such a situation could never have arisen but for the ambiguous provisions in the Agreement.

Developing countries have come to this conference not as mere spectators; we seek to be given a full hearing and to be taken seriously in our aspirations to improve the lot of our people. We hope firm positions will be taken by the developed countries. If this will not be so the developing world may find it of very little use to themselves to attend the forthcoming multilateral trade talks. We hope the Ministers gathered here will enounce their countries' policies unequivocally.

Developing countries wish to obtain assurances that genuine attempts will be made to further liberalize trade between developed and developing countries. Whilst it is recognized that there may be certain international obligations that cannot generally be ignored, at least genuine efforts should be made to ensure that any obstacles in the way should be removed.

Up to now many of the concessions have not, as far as developing countries are concerned, been entirely satisfactory. It has been felt that there was more scope for further improvements. Measures so far taken have not been of sufficient strength, they have been characterized by hesitant attempts to resolve the problems facing everybody.

The introduction of the GSP has been one of the most outward looking policies in favour of developing countries. The full realization of this policy has been marred by the lack of a courageous attitude in implementing it to the full. It has been noted that amongst countries that have led the way in implementing the scheme there has been a lack of harmonization, with some countries granting more favourable preferences than others whilst some countries have not taken any action to implement it. It is felt that there is a need to harmonize the preferences offered by developed countries.

Further, the GSP offered by some countries is still marred by quantitative ceilings. It is felt that such ceilings are undesirable and some formal positions should be taken by developed countries to ensure that these should be removed in the future.

Whilst developing countries have been seeking for easier access to the markets of developed countries for their products, developed countries should now support actively the wishes of these countries in their quest for more value added for their primary products. Some formula should now be worked out which should encourage this development.

Coupled with this, has been the ever vexing problem of the unstable nature of prices for some primary commodities on which developing countries are dependent for their export earnings. The effects of wide fluctuations in these prices have had disastrous effects to some of these economies. These fluctuations have a minimal effect on the economies of developed countries, but for developing countries they can measure up to unmanageable proportions. In the case of Zambia, the product whose price fluctuations have been of great concern to our Government, is copper. We would like to open full discussions with the purchasing countries to devise a means of evening out these fluctuations.

I should also like to draw your attention to the differences in trading patterns between developed and developing countries on the one hand, and on the other, amongst developed countries. Whilst we export raw materials we also import the goods back in the form of finished manufactured products. This enables developing countries to recover in part some of their original importings costs. As developing countries relying on exports of primary products, we do not enjoy this feedback.

Now turning briefly to the international monetary scene, developing countries have been watching the position without any hopeful signs of improvement. Monetary policies and trade are closely interrelated. Some of the losses which have so far been incurred by developing countries will never be recovered. Before the present chaos in international exchange rates is resolved, we should like to see some system at least in favour of developing countries, that would seek to compensate these countries for these unforeseen losses. I should like to urge that the GATT should examine this issue to find ways and means of remedying the position.

JOSEF STARIBACHER, AUSTRIA,
MINISTER FOR TRADE, COMMERCE AND INDUSTRY

The Austrian Federal Government welcomes the mutual consensus to conduct a new round of negotiations within the framework of GATT in order to achieve an ever greater liberalization and expansion of world trade; these objectives are entirely in accordance with the principles of Austrian foreign trade policy. The main objective pursued by Austria's foreign trade policy aims at integrating the Austrian economic activities into the international division of labour within the scope of expanding economic areas and within the world economy. In pursuance of this basic concept, Austria has become a member of EFTA and concluded a Free Trade Agreement with the European Communities last year.

Austria's economic policy and trade interests are directed towards all countries of the world; this is mainly based on the fact that Austria's economy is to a great extent dependent on its foreign trade. Our exports are a decisive factor of our economic growth; the share of imports in total Austrian consumption amounts to about 30 per cent.

The Austrian Government welcomes the comprehensive and far reaching objectives of the forthcoming negotiations as contained in the draft declaration. These objectives demonstrate anew the serious endeavours within GATT to strengthen the international trade relations by an ever greater trade liberalization and with the aim of counteracting protectionist tendencies.

The Austrian Government therefore expects from the forthcoming negotiations a far-reaching liberalization of trade on the basis of reciprocity as laid down in paragraph 5 of the draft declaration, and as a result thereof an increase in the exchange of goods with all economic areas of the world. This will hopefully lead to an improvement in the standard of living on a world-wide scale. It might also turn out to become an important contribution to the international efforts to curb inflation which unfortunately makes itself felt for some time in many of our countries.

The Austrian Government notes with satisfaction that the forthcoming negotiations shall not only cover industrial but also agricultural products and are supposed to lead to the dismantling of tariffs as well as of non-tariff barriers. The Austrian Government would welcome the active participation in these comprehensive negotiations of as many countries as possible including those developing countries which are not members of GATT.

In the view of the Austrian Government the objectives of the forthcoming negotiations should not be considered separately without taking into account at the same time the international monetary situation. Parallel efforts should therefore take place in order to arrive at a satisfactory arrangement also in the monetary field. To ensure that trade liberalization measures become fully effective, stable but adjustable exchange rates will have to be established through an early reform of the international monetary system. In this context I should like to point out that Austria revalued the Schilling in 1973 already twice by altogether more than 7 per cent. This was done in spite of a structural and increasing trade balance deficit.

The Austrian Government advocates an early beginning of the actual negotiations. The proposed Trade Negotiations Committee should therefore take up its work as soon as possible in order to elaborate detailed plans and procedures for the negotiations and to submit them to governments.

Austria as one of the smaller countries entertains the hope and expectations that in the forthcoming negotiations the interests of all countries will be taken into account to the fullest extent possible. All countries participating in these negotiations should therefore be given an opportunity to safeguard their interests in each phase of the negotiations.

In the forthcoming negotiations it should also be considered whether - with a view to the world-wide expansion of trade - some parts of the results obtained, such as tariff reductions and relaxations of quantitative import restrictions, should unilaterally and autonomously be made available to all countries of the world. An important step in this direction supported by Austria from the very beginning was already taken by the CONTRACTING PARTIES by inviting developing countries which are not members of GATT to participate in the negotiations. These countries could strengthen their ties to GATT even further by acceding to this organization as full members.

The Austrian Government regards the improvement of the trade opportunities for developing countries and thus the increase of their export earnings as a very important task to be solved in the negotiations. In this connexion special attention must above all be given to the least developed countries with a view to promoting their economies. By securing additional benefits for the international trade of developing countries a better balance as between developed and developing countries should be achieved in order that the latter may gain a greater share in the advantages resulting from the expansion of world trade. To this end appropriate solutions should mainly be sought for products of particular export interest to developing countries and for trade barriers affecting the exports especially of the least developed among developing countries.

As to questions still to be solved within the framework of the forthcoming negotiations a solution satisfactory to all must be found with a view to the approaches for granting tariff reductions. Among the possible approaches elaborated by the experts a choice should mainly be made between linear tariff reductions and the approach of tariff harmonization. In the Austrian view, the varying interests of individual countries could best be taken into account by finding a compromise involving a combination of the two approaches.

This does, however, not exclude sectoral approaches for certain economic fields, as for instance agriculture, covering all trade barriers and not tariffs only.

The lengthy and extensive preparations for the forthcoming negotiations have now reached a stage at which the political will to successfully carry out these trade negotiations will have to be demonstrated by appropriate decisions to be taken in the course of this conference.

Austria will make great efforts to contribute to a full success of this comprehensive round of negotiations and thus to a further liberalization and expansion of world trade.