

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.24/9/Rev.1
4 December 1967

Limited Distribution

CONTRACTING PARTIES
Twenty-Fourth Session

Original: English

PROGRAMME FOR THE EXPANSION OF INTERNATIONAL TRADE

Statement by Mr. Imru, Director, Trade Policies
Division, UNCTAD on 14 November 1967

The Secretary-General of UNCTAD, Dr. Prebisch, regrets not to be able to participate personally in your important deliberations at this twentieth anniversary of the CONTRACTING PARTIES. He is attending the United Nations General Assembly which just this week begins consideration of the report of the Trade and Development Board and the preparations for the Second United Nations Conference on Trade and Development to be convened early next year in New Delhi.

Nonetheless, the Secretary-General of UNCTAD follows your discussions with great attention, in particular on the future programme of work in the fields of trade and development, and has communicated his views on the subjects under discussion to the Director-General of GATT, Mr. Wyndham White, with the wish to have them circulated to the contracting parties.

I will now read the message of Dr. Prebisch.

"It is natural for the Secretary-General of an organization like UNCTAD which is on the eve of a major conference held under the auspices of the United Nations and is dealing with a number of specific issues of trade and development, to follow with great interest the present session of the CONTRACTING PARTIES of GATT. Indeed, the agenda of your meeting covers several matters which are to be discussed at UNCTAD II. As you know, the agenda of the New Delhi Conference includes such questions as primary commodities, manufactures and semi-manufactures including preferences in favour of developing countries, financing, trade expansion among developing countries, and trade relations between countries with different economic and social systems. I, of course, welcome co-operation between governments, in whatever framework, which is aimed at achieving the necessary adjustments in trade policies. In view of the special difficulties confronting the developing countries, I hope that such efforts will be so developed as to yield maximum results. An important prerequisite for bringing this about is concerted action wherever possible to avoid unnecessary duplication and dispersal of efforts. It may be recalled that I drew attention to this matter at some length at the meeting of the Trade and Development Committee of GATT held in

Punta del Este earlier this year. It is therefore a matter of considerable satisfaction to me that an agreement has meanwhile been reached between the secretariats of GATT and UNCTAD to join forces in carrying forward activities in the field of trade promotion and it is my hope that our respective legislative bodies will endorse this. It is further my hope that as a result of the present meeting of the CONTRACTING PARTIES and of the New Delhi Conference other areas of work might be identified where joining forces between GATT and UNCTAD would seem appropriate. In order to achieve the maximum results from existing facilities and resources available to the governments, it would seem that several subjects might be considered for joint endeavours in respect to the items of the agenda of your present session. Among these, I consider in accordance with the wish expressed by many developing countries at the fifth session of the Trade and Development Board of UNCTAD that the trade negotiations among developing countries on an inter-regional basis should be carried out in a joint framework in order to allow all interested developing countries to participate on an equal basis.

"With respect to studies and negotiations to achieve further progress regarding specific commodities I feel that joint action would be appropriate inasmuch as the interests of all countries involved should be covered. With respect to the proposal now before the CONTRACTING PARTIES for an enlarged programme of consultations with developing countries on their problems of trade expansion, including studies on 'such long-term factors as the trade objectives of development programmes, the country's import and investment needs, its export capacity, and the inflow of external resources', the CONTRACTING PARTIES are no doubt aware of the various activities carried out in these and related fields by UNCTAD itself and by other United Nations bodies, notably the Economic and Social Council of the United Nations and its Department of Economic and Social Affairs, particularly through the Committee on Development Planning. The Under-Secretary for Economic and Social Affairs feels that action in this field would therefore also seem to call for appropriate consultations both on the substance and on arrangements for co-ordination of work so that a concentration of efforts becomes possible.

"With respect to preferences for industrial products, I share the view expressed by the Director-General of GATT that the next step would have to be taken in UNCTAD in New Delhi.

"Therefore, when discussing the future programme of GATT, the CONTRACTING PARTIES may want to bear in mind the above considerations and frame their decisions in such a way as to be conducive to a concerted action of governments in favour of the developing countries as a whole. I am confident that the CONTRACTING PARTIES will adopt such decisions which would contribute to the success of the New Delhi Conference."¹

¹The message from Dr. Prebisch was previously distributed in W.24/9.

The completion of the Kennedy Round, the Ministerial meeting of the developing countries at Algiers, the current session of the CONTRACTING PARTIES and its Ministerial meeting, and the forthcoming Second United Nations Trade and Development Conference at New Delhi are vivid testimony to the attention which the world community pays to international trade as an instrument of economic progress and development. A notable consequence of this interest is the realization that a concerted trade and development policy, involving the collaboration of all nations, is required. The close interrelationship between trade policies - both in commodities and manufactures - financial policies, and development has come to be realized. New measures, including preferences, increased aid, supplementary financing, integration policies - to mention but a few - are obtaining increased recognition.

Your deliberations, in particular on a programme of future work for expansion of international trade, are of direct interest and concern to UNCTAD, both because many important trading countries take part; and many policies and actions discussed by the CONTRACTING PARTIES are closely linked, if not identical, with several of the specific policies and actions in which UNCTAD has focused its attention and prepared ground for action to be taken in three-months time at the New Delhi Conference.

The main actions to be taken up in New Delhi at the Second UNCTAD Conference are well-known, but at least the most important among them deserve to be mentioned here.

1. In the field of primary commodities, the Second UNCTAD will consider specific proposals designed to stabilize world commodity markets and to improve access and other conditions of commodity trade as one of the main means of contributing to economic development. This commodity policy would include measures not only in respect of tariffs and non-tariff barriers but also positive measures of regulating world commodity trade such as, where appropriate, international commodity arrangements, including buffer stocks, diversification support programmes with special attention to commodities competing with synthetics. To make progress, negotiations on a commodity-by-commodity basis will be necessary, and would require a new development oriented approach. Such negotiations can most usefully be carried out in a framework in which all interested developed as well as developing countries can participate on an equal basis.

2. In the field of manufactures and semi-manufactures of the developing countries, the initiative taken by the First UNCTAD and the subsequent intensive preparatory work which has followed it have helped to bring about, a general measure of agreement on the desirability of introducing a scheme of preferences to products of all developing countries by all developed countries. The adoption of appropriate decisions on this question at the Second UNCTAD could be a major step in this direction. In this connexion, it is satisfactory to note the growing conviction that the next important steps

in this respect will be taken at the New Delhi Conference. As regards the further action to be taken following the New Delhi Conference, it may be mentioned in this connexion that at the recent UNCTAD Group on Preferences in addition to suggestions that the operation of the scheme be carried out by UNCTAD or GATT "several developed and developing countries expressed the view that it should be possible to devise some form of UNCTAD-GATT co-operation and that the institutional arrangements required further careful study".

Another important step for consideration at New Delhi is measures for the liberalization of non-tariff barriers, including quantitative restrictions, on products of export interest to developing countries. Deriving from the work programme of the Committee on Manufactures, a survey of existing restrictions has been completed and the Second Conference will be considering suggestions with respect to specific products and product groups, aimed at increasing market access for the developing countries. In this field, again, it would appear there exists scope for co-operative efforts by UNCTAD and GATT that needs to be carefully explored.

3. Another equally important matter to be taken up in New Delhi is the intensification of export promotion programmes designed to help developing countries to market and promote their exports, and in particular to enable them to take advantage of the preferential access granted to them.

This field offers an example of what can be achieved by co-operation. The proposal agreed between the two secretariats to combine the forces of GATT and of UNCTAD, within a broader United Nations export promotion programme, in a joint International Trade Centre is at present before you and before the General Assembly of the United Nations. If endorsed by the legislative bodies of our institutions it would allow an important concentration of available means and forces and avoid undue duplication and dispersal of scarce resources.

4. Another example of possible co-operative action could be the carrying out of negotiations in a joint UNCTAD/GATT framework, for trade concessions among developing countries on an inter-regional basis. Such negotiations and their modalities had been envisaged by an UNCTAD expert group, and at the fifth session of the Trade and Development Board, a number of developing countries formally recorded their wish that arrangements be worked out between UNCTAD and GATT so that all developing countries interested in such negotiations could participate in them. This desire was no doubt motivated by the fact that in GATT conversations preparatory to such negotiations only about twenty developing countries out of a total of about eighty-six have taken part. The Secretary-General of UNCTAD has therefore expressed to the Director-General of GATT his willingness to co-operate in working out suggestions for subsequent intergovernmental consideration, designed to make possible for all developing countries interested in such negotiations to participate in them on an equal footing and to ensure that the interests of all developing countries are taken into account.

The proposed programme before you of future action designed to further the trade of the developing countries includes consideration of the individual trade situation and trade and development problems of each developing country Member of GATT in a new Committee to be set up to carry out the programme. I quote "A series of country consultations and reviews - on such long-term factors as the trade objectives of development programmes, the country's import and investment needs, its export capacity and the inflow of external resources" unquote. The view is further expressed that "obviously such an effort would be justified only if the developing and developed countries co-operated to the maximum". In this connexion, I want to recall that this concept of convergent actions has been accepted by the Trade and Development Board of UNCTAD for its future activities and on all the problems above mentioned.

The Secretary-General of UNCTAD has always advocated that one of the main avenues to the solution of the problems of economic development lies in the elaboration of specific measures - of trade, financial, commodity, technical assistance nature - adapted to the particular requirements and conditions of each individual developing country. In this respect considerable efforts have been exerted by the United Nations under the Committee on Development Planning of the Economic and Social Council and the Planning and Programming Centre of the Department of Economic and Social Affairs, as well as UNCTAD, in undertaking a number of country studies and projections. These include projection studies for individual countries carried out at the request of the First Conference, studies on individual country's possibilities and problems in promoting the export of manufactures as well as studies on trade of selected developing countries with socialist countries. These studies clarify the problems confronting individual countries and suggest the need for country consultations in a framework that can yield maximum results and in which interested organizations can be represented.

In conclusion, allow me to recall that both UNCTAD and GATT are bound by their statutes to seek collaboration in matters of trade and development. For GATT it is so decreed in Article XXXVIII:2(b) in Part IV of the General Agreement. For UNCTAD the United Nations General Assembly Resolution 1995 calls, in its paragraph 3(d) to review and facilitate the co-ordination of activities of other institutions within the United Nations system in the field of international trade and related problems of economic development.

The international community is equipped in the field of trade, with essentially a dual institutional system, composed on the one hand of GATT and on the other hand of UNCTAD established within the universal framework of the United Nations and the broader framework of world development and trade policy. It is not surprising that problems should arise in the evolution and utilization of these two institutions by governments. Whatever the problems

may be, the proper course of action consists in joining whenever appropriate, available forces and institutional facilities towards the attainment of specific objectives. In this way, the present duality which is sometimes considered as an adverse factor of the present system could be turned into a positive factor of international action.

The historic tasks confronting the world community are too vast and challenging to excuse inaction or insufficient action due to institutional and jurisdictional considerations. Common strategies and programmes have to be drawn up by all countries, both developed and developing, but the available international institutions and instruments have to be utilized rationally in order to realize these programmes.