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REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by H.E. Mr. Gunnar Lange,
Minister for Commerce of Sweden,
on 23 November 1967

In post-war international economic co-operation the General Agreement occupies a unique position due to the constructive methods of work developed and the good results achieved thereby. The aim of the contracting parties has already from the beginning been to reach solutions which take into consideration the interests of all involved. It is only natural that at times countries have felt compelled to act in a manner contrary to their undertakings in the GATT, having sometimes found themselves in situations not foreseen at the time when the Agreement was drafted. When so doing, these countries have, however, loyally submitted to the rules which the CONTRACTING PARTIES have considered to be necessary conditions for granting "waivers". This pragmatic method of work in the GATT has been instrumental in promoting an international discipline or at least a type of co-operation that can rightly be described as a civilized way of solving problems between countries, a system that one would like to see adopted also in other areas of international work. The activities of the GATT have been of decisive importance for the progressive freeing of world trade.

The outcome of the Kennedy Round represents one of the greatest achievements of the organization. As a result of these negotiations we have arrived at the most far-reaching tariff reductions ever obtained. This is indeed satisfying. We are now in a position where the gains need to be consolidated. This is an opinion which has been voiced in many quarters these days and which I share entirely.

But we have not come to Geneva merely to take stock of what has been achieved and to celebrate the success. A standstill is not enough. We want GATT to play an active part in forming international trade policy in the future as it indeed has done in the past. We want our organization to maintain her present image so well deserved. To consolidate the gains would not be sufficient. In order to live we must move. I associate my views with those of our Finnish colleague when he recalled that there are urgent problems which it is our duty to solve. Let me briefly refer to some of them.

I hope we all recognize that some industrial products, which are of considerable interest to a number of countries, were exempted from tariff reductions. Furthermore, in the agricultural sector, of vital importance to many countries, the progress made was rather limited. It is therefore necessary to continue our efforts to reduce even further the remaining barriers to trade. Sweden is prepared to take an active part in the search for new possibilities for world-wide action within the GATT towards freeing trade.

It has been suggested that the first step in this direction should be an objective analysis of the tariff situation prevailing after the Kennedy Round with a view to considering further progress. To this effect several useful proposals concerning inter alia elimination of duties on raw materials and free or substantially liberalized trade in certain industrial sectors have been put forward during this session. It is important that these proposals be taken into account. Some countries may, of course, find it difficult to undertake, already now, obligations for further tariff reductions. Nevertheless, I propose that such preparatory work as just mentioned should be initiated as soon as possible with the clear purpose of obtaining a basis for further and future action. Necessarily one should in this context also take up the important question of non-tariff barriers.

Even if the results of the Kennedy Round, as I have mentioned earlier, were of advantage to all countries, the benefits for the developing world were not at all so pronounced as for the industrial countries. The expectations which were raised in this respect when the Kennedy Round began have not been met. We must recognize that. This situation naturally causes particular concern and we must now with special energy and without delay try to obtain better conditions for their trade.

The recently published GATT report, International Trade 1966, shows that the industrial countries doubled their exports between 1959 and 1966 whereas, during the same period, the developing countries increased their sales abroad by only 50 per cent. As a result of the slower expansion of their exports, the relative share of the developing countries of world trade has fallen from 27 per cent in 1953 to 23 per cent in 1959 and to only 19 per cent in 1966.

This problem we recognize of course is also being dealt with in other international organizations. It is my firm conviction, however, that we can within this organization make considerable contribution towards finding solutions to the alarming conditions prevailing. Because of the successful co-operation which we have developed in the GATT we have reason to feel confident about the possibilities to find effective solutions also to these problems.

In his valuable survey of possible lines of action our Director-General - whose departure after two decades of distinguished service in the interest of freeing world trade we all most sincerely regret - has put forward proposals for a number of concrete measures which would be of assistance to developing countries.

Sweden has in international organizations and on various occasions proposed or given active support to proposals for measures which should contribute to improved conditions for exports of primary products, vitally important to developing countries. We expect that it will be possible to achieve satisfactory arrangements for primary products. In this connexion many problems arise of a long-term structural character which necessitate measures of a policy nature. It is necessary inter alia to aim at increased diversification and a higher degree of efficiency in production. We hope that it will be possible at the UNCTAD meeting in New Delhi next year to arrive at results which would imply efficient solutions to these problems. We are also looking forward to a satisfactory outcome of the discussions on supplementary financing.

Sweden has, together with the other Nordic countries, to a great extent already implemented the tariff concessions granted for tropical products in the Kennedy Round. We are also prepared to implement in advance reductions for certain other products of interest to developing countries. In my opinion it is, however, important to continue the discussions on a further reduction of trade barriers in this field. Duty-free entry for tropical products should be given a high priority in these discussions. As you will remember, Mr. Chairman, Sweden has taken an active part in initiating and formulating programmes for abolishing all duties on tropical products, but we have at the same time stressed that such measures can only be given full effect if implemented within the framework of joint action by all developed countries. We note with great satisfaction that the Committee on Trade and Development has endorsed our proposal that the Special Group on Trade in Tropical Products be reactivated.

The question of preferences for products of developing countries will be discussed at the UNCTAD conference. My Government has had some hesitation as to whether preferences for industrial goods would really give the developing countries the lasting advantages for which they strive. We have, however, now decided to take an active and positive part in these discussions. The question today is not whether or not to have preferences. The relevant question is how to extend preferential treatment to the whole developing world on a general and non-discriminatory basis. GATT could indeed play an important part when it comes to the creation of such a system.

Sweden has on many occasions underlined the importance of measures in the field of trade promotion. It is necessary to start more active sales efforts for the products of the developing countries. As pointed out by the Director-General, the International Trade Centre will play an increasingly important rôle in assisting developing countries to take advantage of the improved access to markets of developed countries provided by the Kennedy Round.

I would like to take this opportunity to express my satisfaction with the proposal for co-operation between the GATT and UNCTAD regarding the setting up of a joint International Trade Centre as approved by CONTRACTING PARTIES. This is a valuable step towards increasing the efficiency of work in trade promotion

while at the same time avoiding unnecessary overlapping. We also attach great importance to the co-operation which has been initiated in other respects between the GATT and UNCTAD. A close co-operation between the two organizations is a prerequisite for an effective contribution towards solving the problems of developing countries.

As regards agricultural products, Sweden has on many occasions confirmed that we are prepared to undertake commitments within the framework of world-wide arrangements aiming at a stabilization of prices and an expansion of world trade. Although experiences from the Kennedy Round negotiations within the agricultural sector seem to indicate that the possibilities for establishing further arrangements with regard to agricultural products of the temperate zone are for the time being relatively small, Sweden is prepared to take part in studies and discussions within the GATT with a firm intention to find solutions also to problems in this sector.

Mr. Chairman, I have now presented some of the views of my Government on the continued work of GATT. It is evident that there is ample scope for future activity. All now depends on the determination of all of us to come to grips with the pressing problems before us.