

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

W.24/64

30 November 1967

Limited Distribution

CONTRACTING PARTIES
Twenty-Fourth Session

Original: English

REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by H.E. Mr. Osman Ali, Ambassador of Pakistan,
on 23 November 1967

It should be a source of great satisfaction to all of us here on the occasion of GATT's twentieth anniversary that the General Agreement which entered into force initially among twenty-three countries is now regulating the conduct of trade of about eighty countries. This remarkable growth in the membership of GATT is not merely a consequence of the political evolution of the last twenty years but also evidence of the value and the vitality of the General Agreement.

Looking back, one sees that soon after the completion of the tasks of reconstruction, and particularly from 1959 onwards, the world as a whole has experienced almost uninterrupted, strong economic growth. In this period incomes rose substantially and world trade expanded at an unusually high rate. Largely as a consequence of the quickened pace of economic activity in the industrialized world, the trade of developing countries also increased significantly. At the same time, I must recall that the rate of economic development of developing countries did not keep pace with the rate of growth of the industrialized world, and so far as trade is concerned, the share of developing countries in world trade declined significantly. Their share even in world exports of primary products declined because the exports of primary products from the developed world increased at a much faster rate than the exports of similar products from developing countries. The terms of their trade also, by and large, moved against them and this in turn made it even more difficult for them to finance their development from their own resources.

The remarkable expansion of world trade which we have witnessed in recent years, naturally enough reflects to a considerable extent, the growth of the economies of the industrial countries. But it is also the case that the growth of trade, in manufactures at least, can be attributed, equally to the reduction or elimination of trade and payments restrictions. It perhaps bears repetition to say that barriers to trade have fallen considerably since World War II and when the Kennedy Round of tariff cuts is in full force, there will be another substantial lowering of these barriers; and in this effort, beneficial to all, GATT has played a key rôle.

It is true that GATT has been more successful in resolving some problems than others and that the industrialized world has, by and large, gained more than the developing countries. Nevertheless, on the whole, GATT has been a constructive and a positive factor in the ordering of international trade relations.

I need not analyze in any detail how the General Agreement, which was originally only a stop-gap action, has become a code of conduct for the larger part of the international trading community and in respect of a major share of international trade. However, to my mind the most important characteristic of GATT, which has been responsible for its continued vitality has been its pragmatism and its flexibility which enables it to adapt itself to changing circumstances. In the course of its life, GATT has been faced with a number of challenges and it has more often than not found ways of meeting them. The emergence of developing countries as independent States has been a major challenge which called for positive and imaginative responses. The General Agreement was drawn up at a time when the problems of development of the poorer regions of the world were rather far removed from the centre of international preoccupations. It did not, therefore, distinguish between the needs of the more developed and the less-developed countries. The passage of time and the changing character of its membership did, however, set in motion a process which led to the incorporation in it of a special chapter which deals specifically with the trade and development problems of developing countries. The new chapter is by no means the end of the road, but it does represent an important step towards better adaptation of the General Agreement to the needs of developing countries. This evolution has been a slow and a difficult process, but there is no doubt that the General Agreement is now much better equipped to deal with the problems of developing countries than it ever was. If nevertheless, some developing countries show somewhat ambivalent feelings towards GATT, this is due not so much to the slow pace of the development of the text of the General Agreement as to a certain tolerance shown towards breaches of its rules in regard to matters which are sometimes of vital interest to developing countries. It is my feeling that if the developing countries sometimes feel impatient it is not because GATT imposes irksome responsibilities upon them but because they feel that problems of interest to them have not received as much attention as they expected. I, therefore, would like to express the hope that in future, Part IV will be strengthened to make it more difficult to act contrary either to the spirit or the letter of the General Agreement and reduce as much as possible the subjective elements which at present appear to permeate Part IV.

Delegations present in this room may or may not be unanimous about the achievements of GATT in different sectors of trade but we are all unanimous about the great contribution that Mr. Wyndham White has made and I would like to join others who have spoken before me in paying him a tribute for having been throughout the last twenty years, a most inspiring figure in our organization.

Turning now to the future, a number of distinguished speakers yesterday and this morning have described eloquently the great magnitude of the tasks that remain to be performed to assist the developing countries in their efforts to develop their economies at acceptable rates of growth. The distinguished Minister of Trade and Commerce of Canada described the situation as a growing crisis and called for decisions reminiscent of the period when the Marshall Plan was launched to deal with another set of urgent issues. I, therefore, need only affirm from our direct experience what has been said before about the urgency of the problems of developing countries and the necessity for effective action. I appreciate that for a number of reasons the developed countries cannot, so soon after the major effort involved in the Kennedy Round, be expected to undertake fresh initiatives for dealing with their own trade problems but I do hope that they will seize this opportunity to take major initiatives in favour of developing countries.

The most important initiative that the developing countries expect is the implementation of a general non-discriminatory and non-reciprocal scheme of preferences as set out in the document issued at the end of the Algiers Meeting of developing countries. It is my hope that this question will be taken to a decisive stage at the Second UNCTAD and that meaningful preferences will be accorded to all developing countries. In the area of non-tariff barriers, the most obvious and the most oppressive are the quantitative restrictions maintained by a number of developed countries on products of very great importance to developing countries. As has been said by an earlier speaker there seems to be "little logic" in encouraging development through aid and at the same time imposing barriers against imports of products which the developing countries can produce on a competitive basis. Cotton textiles is one of the most important export products of Pakistan but it has remained under restrictions in most of the developed countries for a number of years. We take this opportunity to urge the developed countries concerned to take appropriate action so that they do not have to reply on restrictive measures after 1970. As to quantitative restrictions on other products of export interest to developing countries, I urge that the governments maintaining such restriction give an indication of how long they wish to maintain those restrictions. Pakistan is seeking the elimination of these restrictions not only because they are contrary to the provisions of the General Agreement but because in actual fact these restrictions do restrain its exports. The Director-General has made a number of suggestions concerning the future programme of work, some of which are of direct interest to a country like Pakistan. We have examined those suggestions carefully and support him in his recommendation that:

- First: the gains made in the Kennedy Round should be consolidated and where there is free trade already this should be bound.
- Second: Where duties on products of which developing countries are principal suppliers will be low after the Kennedy Round is fully implemented, this duty should be abolished.

- Third: The tariff reductions agreed upon in the Kennedy Round on products of export interest to developing countries be implemented without phasing.
- Fourth: The CONTRACTING PARTIES in their consultations with the developing countries under Article XVIII(2) of GATT should give particular attention to the possibilities for alleviating those difficulties through the support that contracting parties might provide for facilitating expansion in the export earnings of these countries.
- Fifth: The International Trade Centre should give particular attention to assist developing countries to exploit systematically the new market opportunities opened up by tariff concessions agreed in the Kennedy Round.

The Trade and Development Committee has also made a number of suggestions including the study of the post-Kennedy Round tariffs. Those suggestions have already been discussed in considerable detail in this session and I will not, therefore, go over that ground again. I would only conclude by saying that now that the Kennedy Round has come to an end, we hope that the GATT would give even greater attention than before to the problems of developing countries. I would also like to welcome the collaboration of GATT and UNCTAD in the future work of the International Trade Centre. My Government hopes that the two secretariats will join forces in other appropriate matters as well so as to advance the interests of developing countries even better in future.