

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## REVIEW OF THE WORK OF THE CONTRACTING PARTIES AND FUTURE PROGRAMME

Statement by Mr. Vladimír Babáček, Deputy Minister  
for Foreign Trade of Czechoslovakia,  
on 24 November 1967

On the occasion of commemorating the twentieth anniversary of the General Agreement on Tariffs and Trade, permit me, Mr. Chairman, to avail myself of the opportunity to evaluate briefly the activities of GATT from the point of view of my country. I would feel that I am even obliged to do so, since Czechoslovakia is one of the rather small number of founding contracting parties, which, realizing the importance of the envisaged agreement, took an active part in all preparatory work since 1946 as well as in subsequent years as a contracting party. That is why I believe that my delegation belongs to those which may give a true evidence of the usefulness and efficiency of the General Agreement during its entire existence. With this we wish to pay tribute both to the principles on which the Agreement is based and to the Director-General, Mr. Eric Wyndham White, under whose inspiring leadership the principles have been to a great deal implemented.

As is usually the case, no picture is only clear and bright, without any shadows or dark spots and vice-versa, none is only dark, without any bright or even glamorous points in it.

The General Agreement on Tariffs and Trade has undisputable merits in the process of facilitating the development and liberalization of international trade, in eliminating and reducing barriers hampering that development and expansion. I have in mind particularly the six rounds of tariff and trade conferences which undoubtedly rendered a very significant contribution not only to a considerable reduction of tariffs but also to their stability, not experienced before.

The principle of non-discrimination or the most-favoured-nation treatment - formulated multilaterally - has found a more solid basis in the international contractual language of the Agreement and is not unilaterally denounceable. Less successful, however, have been the efforts to secure that this principle, adopted by all countries, be consistently applied and respected by individual contracting parties in their trade policies towards others.

With greater or smaller success, as the case may be, the contracting parties have also made attempts to eliminate or at least to reduce non-tariff barriers to trade and have urged and advocated a general application of the principle of multilateralism in international trade relations.

To the other positive aspects of the General Agreement undoubtedly belong the methods established in respect of solutions of disputes through consultations procedures, which have already become traditional within the General Agreement. The fact that trade policy issues have been approached with realism and pragmatism which both have manifested themselves as the most effective ways of negotiations between the contracting parties deserves likewise my delegation's high appreciation.

The effectiveness of the pragmatic approach has inter alia been also fully confirmed in negotiations on the accession of new contracting parties including those having different economic systems. I consider it proper to express again on this occasion, my delegation's appreciation and satisfaction on the recent accession of Poland to the General Agreement as well as the observer's status granted recently to Bulgaria and Hungary.

Permit me now to turn to some other, less satisfactory results of the activities in the history of the General Agreement, particularly to those which have a close impact on Czechoslovakia's expectations from its membership in the Agreement.

I regret to state, that the CONTRACTING PARTIES have on several occasions failed to prevent, and what is still worse, found it even possible to approve measures motivated by political interests. Not wishing to enumerate them I should like to mention one, which we consider from our point of view as rather important. I have in mind the suspension of the validity of obligations ensuing from the General Agreement between Czechoslovakia on one hand and one of the most important trading nations on the other. Although it is being generally admitted, that the circumstances which had allegedly led to this suspension, changed considerably in the course of the last sixteen years, even the Kennedy Round failed to bring about the elimination of the mentioned anomaly. Paradoxically enough the undoubtedly positive results of the Kennedy Round further deteriorate the tariff discrimination of goods imported from Czechoslovakia to that country so that with the gradual implementation of tariff cuts further products will be excluded from the possibility of competing in that particular market. I should like to believe that the authorities in the respective country should at least now, without unnecessary delay, very carefully reconsider these implications of the Kennedy Round for Czechoslovakia and adopt measures for the elimination of this anachronism.

The clear-cut provisions of the General Agreement concerning the inconsistency of quantitative import restrictions - unless justified by reasons of balance-of-payments difficulties - did not prevent a number of contracting parties, particularly in Western Europe, to maintain discriminatory import restrictions against Czechoslovakia. The Czechoslovak delegation referred

repeatedly to this serious problem, lately during the debate in this session, on item 9 concerning residual import restrictions. It is, of course, no secret that my delegation considered the Kennedy Round as an excellent opportunity for putting a final end as well to this regrettable state of affairs. It was to our great disappointment that our expectations had in this respect not been met. It is, of course, true that these restrictions are gradually being reduced, but again by way of unilateral decisions or bilateral negotiations, what is to my mind hardly a flattering procedure from the point of view of the efficiency of the General Agreement based so fundamentally on principles of multilateralism.

Having mentioned some of those less satisfactory features of our participation in the General Agreement I should like to stress, that we believe, that entering into the third decade of the existence of GATT, the contracting parties concerned will normalize their trade with my country and I hope, that the proposal made yesterday by the Canadian Minister of Commerce and Trade, Mr. Winters, could be considered as a promising sign in this respect. We are the more interested in the multilateralization of international trade, as the process of reforms now under way in our system of planning and management of our economy - one of the very main aims of which is a closer inter-relation between world trade and our internal economy - requires for the successful attainment of its objectives an even more intensified and multilateral participation in the international division of labour. I would hope that this view of my delegation could be shared by those countries which unlike Canada do not always use in practice the ideas, they otherwise confess.

Czechoslovakia intends to continue to co-operate and to give its full support to further actions of the CONTRACTING PARTIES aiming at further liberalization of world trade by means of negotiations to be agreed upon.

I should like therefore to support the initiatives and proposals for the future work of the CONTRACTING PARTIES aiming at the preparation of further reductions of tariffs on industrial products, of improved access to markets of agricultural products, and last but not least for a more rapid expansion of trade of developing countries.

The main problems to be resolved in these fields, as I see it from the point of view of my country, are excessively high tariffs - peak tariffs - on individual industrial products, remaining after the implementation of the results of the Kennedy Round and non-tariff barriers, including residual import restrictions, on industrial as well as agricultural products.

Here I should like to point to a special problem concerning our exports of agricultural products to some European countries. Although our exports to these countries consist mainly of industrial products, they contain also a few, but relatively very important agricultural items. And here our exports to those countries are faced with a double barrier: besides the highly protective measures applied against imports for any third country, there are special

additional and discriminatory protective devices applied only on imports from a few countries, including my own.

As far as the assistance to the solution of the serious economic problems of the developing countries is concerned, it is very well-known in this room that the CONTRACTING PARTIES to the General Agreement made the first initial steps many years ago. A number of years have been filled with painstaking work and efforts which marked the GATT's activities in this field, beginning with the adoption of the Programme on Expansion of International Trade in 1958, through the work of the Committee III, the adoption of the Action Programme and finally of Part IV on Trade and Development, including the activities of the specially established Committee on Trade and Development. In spite of the fact that some activities in this respect have been less in the limelight as for example the highly valuable activities of GATT in the field of Trade Promotion and Trade Information, or for example the well-established trade policy training courses etc., they nevertheless deserve our full appreciation. It is on the other hand not less well-known that the basic objectives of efficient assistance to the very basic trade and wider economic questions of the developing countries are still before us, still remain to be handled with a considerably greater courage and as speedily as is feasible.

Listening carefully to statements of representatives from the developing countries, speaking so far, particularly to the one presented by Ambassador Swaminathan, who so eloquently, convincingly and impressively acquainted all of us present here, with the present, actual situation in respect of standard of living, with the economic and social misery in the developing world, I cannot but subscribe to the requests of those representatives to give a high priority to working out studies and analysis, which all of us, representatives both of developed and developing countries, as I understand, consider as important; but I would as well agree, that we all have to subscribe first of all to work out such studies rather as a background material and starting point for concrete actions, concrete negotiations, aimed at an efficient and rapid contribution to the solution of the grave economic problems of the so-called third world. I am in this connexion glad to note that there is a growing positive and progressive tendency from the part of Ministers representing the developed countries to consider the economic problems of the developing world as of foremost priority. I refer particularly to the very open-minded views, expressed in this respect yesterday by Mr. Tabor, the Minister of Foreign Affairs of Denmark. Keeping in mind his impressive statement and his general skill and experience in international organizations I should like to limit myself to associating my own delegation with what he had to say in respect of the future work of GATT in the field of problems of the developing countries. I would very much like to express the hope that these views of small countries like Denmark or my own will be followed by concrete actions and decisions by the major trading nations in the world - Members of GATT. My own delegation is ready to endorse the view that a common, concerted approach of all contracting parties would be the most effective and most beneficial way towards further progress in the direction of seeking concrete and rapid solutions to the very serious problems of the developing countries.