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Statement by the Representative of Chile on 15 November 1967

Various delegates who have taken the floor before me said, during the discussion of Item 3 of the agenda, that this is a critical moment for the future of GATT. The delegation of Chile fully shares this view and would therefore like to turn aside somewhat from problems concerning specific products and to make more special reference to the policy lines on which, in the view of our delegation, the future action of GATT should be based.

At the risk of seeming dogmatic in my assertions, I should like here to express my deep conviction that GATT is an organization which is mentally mature and designed to enable discussion of the problems of a world which is mentally mature. Thus, it is, or should be, a forum for exchanges of views between thinking men.

In these circumstances, I think that the problem - I would go so far as to say the responsibility - which confronts all of us here is to define the rules for such discussion.

This is admittedly an ambitious task, but it is worthwhile to tackle it and perhaps we might begin by saying that the first rule should be that, in international trade, general solutions and criteria are not always applicable to every case.

During this meeting, and in various documents that we have seen, mention has been made, for example, of the necessity for progress in the liberalization of exchanges. This is a position which, in the last resource, springs from the theory that "natural forces" should be given free play so that, in the case of international trade, they may foster an international division of work in terms of the natural conditions of the medium.

But this policy is to be paid for by poverty while the theoretically salutary effects of this international division of work are being attained and, as no country is prepared to pay this price - apart from the fact that the doctrine in itself is open to criticism - it is evident that the liberalization of trade can be a good solution for some countries, or for some specific items, but not for all.

I think it would not be superfluous to stress that GATT is an organization created by men to serve society as a whole. Hence, in the discussion to which I have referred, we must not lose sight of the obligations which are created by a principle of human solidarity which is becoming more and more pertinent as the space-age is reducing distance and thus making time the sole valid measurement of proximity or distance.

It is accordingly no longer a question of discussions to obtain advantages, but of collective action to make international trade an instrument for the well-being of everyone.

I am aware that such an outlook could be regarded as unpractical in an organization where there is so much talk of tariff levels, subsidies, volume of trade and the many other aspects which are the objects of our daily and well justified concern. But if we consider the results of an effective application of the criteria I have expressed, we shall see that the consequences are fairly concrete. In the case of agricultural products, for example, we have all seen the failure of efforts to apply a trade liberalization criterion in this sector, and we have also seen how these efforts lead only to discussions at cross-purposes.

And I wonder whether there is any possibility of reaching a solution with the existing criteria.

Firstly, I do not think it possible, within the foreseeable future, to abandon agricultural policies inspired by the necessity of keeping up a consumption power which is indispensable for development and the obligation to ensure a high standard of living for rural workers.

Further, it seems to me absurd, to say the least, that thought should be given to a reduction of agricultural production, for reasons of efficiency, while a half of mankind is suffering from chronic hunger. Even more absurd is the fact that a policy of birth control is being discussed at the same time, which is an implicit acknowledgement of the failure of mankind to use matter for its own service.

Thus it would seem that the solution lies not in destruction by competition but in collaboration to finance the distribution of agricultural surpluses. It also lies in a search for arrangements which, avoiding such competition, would make possible an increase in consumption in the developed countries to avoid, as the representative of Poland said to us yesterday, the possibility that per capita consumption of certain products will fall out of step with the general standard of living.

In this respect, our Director-General is quite right in pointing out that there should be a collective consideration of agricultural policies to co-ordinate the legitimate individual interests of each country in a context much broader than the national one.

May I now put these considerations on a practical footing.

We have seen how the developing world have given very valid reasons for its dissatisfaction with the results of the Kennedy Round.

As I have previously said - and I apologise for my insistence - this dissatisfaction was inevitable because a negotiation based on a philosophy of trade liberalization and the unrestricted application of the most-favoured-nation clause could not solve the problem of making international trade an instrument to help in overcoming under-development.

For example, the Kennedy Round did not correct structures which, establishing differential treatments for raw materials and manufactures, restrict the industrialization possibilities of the developing countries. Neither did it adopt the preferential arrangements indispensable for helping to launch this process of industrialization and, many times, the full application of the most-favoured-nation clause prevented developed countries from granting concessions requested by developing countries.

Thus, in the sector of manufactured products, there is still an enormous field for discussion to which the CONTRACTING PARTIES should give special attention.

In connexion with this point, I should like to refer to document L/2875 in which our Director-General proposes new lines for the consultations which the CONTRACTING PARTIES periodically have with those which apply restrictions for reasons of balance of payments.

The developing countries are less and less inclined to submit, in this or any other international organizations, to enquiries which do not always lead to practical results and which very often offend their national susceptibilities. The ideas contained in the document I have mentioned would be worthy of our very special attention if they could be interpreted as a suggestion to create a new system of consultations to study not only the restrictive measures applied by any of the contracting parties but also the policies followed by other contracting parties that might have given rise to the balance-of-payments difficulties of the country which is the object of the consultation. It would mean replacing a board of inquisitors by a meeting of partners which would discuss how to find a collective solution to the involuntary payment difficulties of any contracting party. And this collective effort should cover tariff arrangements set up in accordance with the individual conditions of each country. These consultations might perhaps become genuine meetings for negotiation since, as the representative of Switzerland said yesterday, GATT, besides being a centre for theoretical policy is basically an instrument for negotiations and this should be the aim of all our discussions.

A negotiation machinery such as I have suggested could, in the case of manufactured products and certainly for other products, be a suitable way of facilitating the development of some industrial sectors of developing countries.

As the countries in the Andine area of South America - Venezuela, Colombia, Ecuador, Peru, Bolivia and Chile - have recently been able to reach agreement on the development of the petrol industry in a co-ordinated and non-competitive form, there seem to be no valid reasons why Chile could not, for example, reach agreement with developed countries in the sector of copper manufactures.

On the other hand, it is undeniable that, if the CONTRACTING PARTIES do not make immediate practical efforts to meet the still unsatisfied requirements of the developing countries, thought will eventually have to be given to the necessity of setting up another round of negotiations exclusively for these countries, based on different criteria from those applied to negotiations between developed countries.

Since these and other alternatives exist, the delegation of Chile feels that the idea put forward by the United States delegate for the examination of the possibilities of various methods of negotiation is very constructive. In the view of my delegation, this aspect concerns the developed countries even more vitally than the developing countries.

It is obvious that any new negotiation should not be confined to tariff problems but should cover all other problems restricting the expansion of international trade. The representative of the United Kingdom was quite right when he said that one aspect worthy of special attention was the differences in technological levels. We have seen how much importance the Director-General attaches to this matter.

I do not wish to refer here to the serious consequences of these differences of levels, such as the brain drain, nor will I dwell on how the difference in level may give rise to an even more serious breach between the developed world and the developing world.

I shall merely point out that negotiations on manufactured products should concern, not only tariffs, freightage, import restrictions, etc., but also the transfer of the most advanced technical knowledge in the corresponding sector.

Whatever methods may ultimately be adopted for future negotiations, I should like to emphasize the important rôle that can be played by the International Trade Centre. This organization should not only be intended to help the developing countries to take full advantage of the opportunities now offered to them by international trade, but should also be able to rely on a division intended to collaborate with these countries in the preparation of their negotiations, thus counter-balancing technical deficiencies which very often give rise to unnecessary or unsuitable requests or - which is worse - the failure to submit requests which are of real interest for their economic evolution.

I am sorry to have been so long but I cannot finish without saying that GATT came into being in 1947 with an ideal and a machinery. This basic ideal was to remove the barriers to international trade created by the slump in the thirties and the situation following the Second World War. An attempt was made to oppose competition to autarky, to conciliate interests and to create market conditions for a second industrial revolution.

During all these years, well beyond its purely practical objectives, GATT had a mission to accomplish and it successfully accepted this challenge. But the world moves forward in its concepts and aspirations.

Whereas in 1947 concern with under-development was perhaps an intuitive attitude it now takes the form of a programmed and militant position which is very well expressed in the following sentence from the Charter of Algiers:

"The international community has an obligation to rectify these unfavourable trends and to create conditions under which all nations can enjoy economic and social well-being, and have the means to develop their respective resources to enable their peoples to lead a life free from want and fear".

GATT will have to be faithful to its original mission but it will also have to face this new challenge. It is a task which will honour the CONTRACTING PARTIES and those who shoulder the high administrative responsibilities of the organization.