It is appropriate to recall, at our 1973 Annual Session, that this is the twenty-fifth anniversary year of the entry into force of GATT.

For me, and I am sure for many others, it was a happy coincidence that the successful Tokyo Ministerial meeting, at which the Declaration launching the new round of multilateral trade negotiations was adopted, should have taken place in this anniversary year.

For this important event seemed to symbolize the continuing vitality of GATT and to underline the association with its activities of a growing number of trading nations at all levels of economic development and with widely differing economic structures.

This twenty-fifth anniversary year thus sees GATT down to work and embarked upon a new wide-ranging operation for the further liberalization of world trade.

It would be interesting to try and imagine what the founding fathers of GATT would have said if, in 1948, they could have looked to the future and to the Tokyo meeting with its impressive gathering of 102 nations - including, I am happy to say, many non-GATT developing countries - and its historic significance for the future.

They might well have been surprised, and with some justification. For GATT was originally intended to be temporary. It has no elaborate procedures. It has a small secretariat. It was only because of the abandonment of the Charter establishing an International Trade Organization that GATT found itself called upon to fulfil the rôle of the principal international body concerned with world
trade and trade relations and to provide the basic rules and contractual commitments
governing the conduct of world trade over the past quarter-century.

It can however reasonably be argued that GATT's successes have in part been
due to its origins. The absence of any predetermined blueprint for a large and
complicated establishment has given GATT the necessary freedom and flexibility to
evolve pragmatically, without becoming diverted from its main course by procedural,
administrative or legal complications. It has been able to adapt and to respond
constructively to the needs and realities of the times, while retaining its
essentially practical character as a forum for negotiations.

The Balance-Sheet

A twenty-fifth anniversary year is as good a moment as any to take stock and
to make an assessment of what GATT has achieved, and of what it has failed to
achieve, over the years. Even more important, it affords the opportunity to look
at the present, and into the future, in an attempt to consider the prospects for
GATT's continuing success in the conditions of the modern world.

There are, of course, many elements involved in any such stocktaking, but I
intend to focus my comments on what seems to me to be, in broad terms, the basic
question, namely: the extent to which GATT has fulfilled, and is likely to fulfil
in the future, its fundamental purposes of bringing about the liberalization and
expansion of world trade and of promoting harmony in international trade relations
through, among other things, the application of the code of conduct that it repre­
sents, keeping in mind also the effective benefits accruing for the trade of
developing countries.

Liberalization of World Trade

There is no need for me to remind you of GATT's record in getting rid of trade
barriers. Many of you have taken part in negotiations in GATT during these past
twenty-five years. But perhaps our very familiarity with this record may tend to
make us take for granted the extent and significance of what has been achieved.

In a very real sense, negotiations in GATT have been almost continuous
throughout its history. That fact in itself underlines one of GATT's principal
innovations: the establishment of a continually available forum in which the
trading nations can negotiate.

The six major multilateral rounds of GATT negotiations have stretched from
the tariff bargaining in Geneva in 1947 that preceded the signature of the
General Agreement, through the Annecy and Torquay Rounds of 1949 and 1950-51, the
Geneva negotiations of 1956, the Dillon Round of 1960-61 and the Kennedy Round of

All these negotiations have been multilateral. Today, we regard multilateral
trade bargaining, as well as bilateral bargaining which leads to concessions that
are automatically extended on a multilateral basis, as the normal thing. But it
should not be forgotten that this process was an innovation when devised in 1947 in GATT. It was a new development in co-operation among governments.

As the years have passed, new methods and techniques of negotiation have evolved in the light of changing conditions and of the problems in the field of tariff and non-tariff barriers that need to be dealt with. The product-by-product bargaining of the early negotiations gave way in the Kennedy Round to the linear approach and, in the current round of negotiations, much skill and ingenuity will certainly be required in deciding upon the methods and techniques most likely to facilitate solutions to the complex problems that confront the trading nations.

There is in some quarters the mistaken view that, until the very recent past, GATT has only been concerned with tariffs. In fact, the first years of GATT's existence were marked by the continuous, and eventually largely successful, campaign to remove the straight-jacket of quantitative restrictions which then afflicted much of world trade. The Declaration on Subsidies and the Anti-Dumping Code, which date back to 1962 and 1967 respectively, are more recent examples of action relating to non-tariff measures. In the current round of negotiations non-tariff barriers will, of course, have to be dealt with on a much greater scale.

As in any field of human endeavour there are areas in the GATT record where progress has fallen short, or where a concrete response, fully commensurate with the magnitude of the issues involved and the aspirations of the countries concerned, has not yet been forthcoming. The lack of sufficient progress in past efforts to open up world markets for agricultural products and the need to build upon, as a matter of priority, what has already been done in GATT for the developing countries, are probably the most conspicuous in this respect. For many countries, the success, or otherwise, of the current negotiations will be judged largely by the progress made in these two vital fields. As we look to the future, therefore, there is certainly no room for complacency.

Expansion of World Trade

It cannot be denied, however, that the balance-sheet generally is very favourable. Concrete evidence of this is to be found in the great expansion of world trade in the quarter century of GATT's existence, an expansion that is without precedent in history.

There cannot be much doubt that the trading conditions established by the GATT have had a profound effect on this development. Without exception, trade has reacted with a high degree of sensitivity to every successful liberalization effort of this period and every reduction of trade barriers has been followed by an acceleration of the corresponding trade flows. The movements towards regional trade liberalization have, of course, contributed to this process, but the creation of conditions for the sustained expansion of international trade on a global basis owes much to the results of negotiations in GATT leading to reduction of the tariffs of industrial countries to one third of the level of the 1920's.
It would be a mistake, however, to think of the influence of the GATT in this context only in terms of trade liberalization and tariff reductions. GATT tariff bindings and provisions designed to safeguard access have also served to ensure the stability of market conditions, without which much of the massive investment made in the world's export capacities, including investment in developing countries' export-oriented production, in this period could not have been undertaken.

International Trade Relations

The expansion of world trade is not in itself necessarily conducive to harmonious trade relations. Trade is a field where tremendous stakes, both national and international, are involved and where such considerations as equity and the impact of imports on domestic production or the balance of payments, access to markets, non-discrimination, preferential treatment for developing countries and so on, can offer fertile ground for dissension and friction between governments.

During the period of its existence, the principles and provisions of GATT have been a major factor in the formulation and conduct of both national and international trade policies. These policies, and international trade relations, might have been much different if there had been no GATT and if they had been pursued without the restraints of internationally agreed rules.

There is no doubt that GATT, with its legal rights and obligations, has exercised a powerful and restraining influence in a dynamic field, for governments remain particularly sensitive to world public opinion and to any suggestion that they are in breach of their international obligations.

Although it has not always been able to prevent serious frictions and tensions between governments in the trade field the very existence of GATT, and of the commitments it embodies, have certainly helped to avoid situations deteriorating into what are popularly described as "trade wars". Moreover, the use of the GATT consultation procedures has on many occasions led to the settlement of trade differences between countries - or has at least taken some of the heat out of the situation before these differences have been able to get worse and become sources of more serious friction. During the course of this year, as delegations are aware, the GATT Council has had a number of such cases before it.

GATT's principles have constituted the corner-stone upon which the multilateral trade system has been founded, and has operated, in the post-war period. This system has served the world trading community well, despite its shortcomings and need for some refurbishing in modern conditions.

The international economic scene of today is, of course, very different from what it was in the early years of GATT. Prominent among the major developments that have occurred have been the continuing and powerful process of regional economic integration, on a scale certainly far greater than ever envisaged by the original drafters of Article XXIV of the GATT, and the growing interest of Eastern European countries in GATT. The recent welcome accession of two further countries...
of Eastern Europe reflects the progressively greater universality of GATT's membership.

A major feature of the past twenty-five years has been the emergence of the developing world as a principal factor in international affairs. Needless to say, this has also had its impact on the GATT, where developing countries now make up over two-thirds of the membership.

The developing countries have benefited in large measure from the opening-up of world markets and the dynamic growth in world trade resulting from successive GATT trade negotiations.

At the same time, there has been over the years a significant shift in GATT's activities toward action to find solutions to the particular trade problems of these countries.

This process began with the Haberler Report and received legal and institutional endorsement with adoption of Part IV of the General Agreement in 1965. Since then - as you are fully aware - the process has gathered increasing momentum across the whole range of GATT's activities and is well reflected in the important and specific activities of the Committee on Trade and Development and the Group of Three.

There has also been an evolution in approach in keeping with the growing global awareness of the problems of development and increasing flexibility has been shown by GATT in the practical application of its rules and principles to meet the special needs of developing countries. A notable example is the legal authorization given by GATT to the establishment of the Generalized Scheme of Preferences, which the Ministers at the Tokyo Meeting agreed needed to be preserved and further strengthened.

Another landmark in GATT's history was the successful conclusion in the recent past of trade negotiations among a number of developing countries. This endeavour is worthy of special mention, for it represents the first truly multilateral scheme of its kind and is an important development in international co-operation.

As one looks to the future, however, it is clear that a great deal remains to be done if a more adequate response is to be given to the legitimate and urgent demands of the developing countries for an accelerated rate of economic development. The problems in the trade field are well-known and must now be energetically tackled. It is vital that the opportunities offered by the multilateral trade negotiations be fully seized. The developing countries, like the developed, now have before them many months of work which will be hard, detailed and sometimes tedious. They must make certain that they do not spare any efforts to secure the maximum benefits from the negotiations. I know that, in this task, they can freely call upon the support and technical assistance of the GATT secretariat.
We must not, of course, fall into the error of believing that GATT or the forthcoming multilateral trade negotiations can solve all the difficulties of developing countries in the field of trade and development. But, given the necessary political will, and a desire to focus on concrete problems and to find practical solutions to these problems, real progress can be made.

The GATT and the multilateral trading system have been submitted to considerable strain, particularly in recent years, as they have attempted to accommodate the important developments that have occurred. I believe GATT has emerged well from these vicissitudes, while the multilateral trading system, although somewhat weary-looking on occasions, has held. There is now the opportunity, in the multilateral trade negotiations, to reinforce the system, to reconcile the serious differences that have generated friction and tension between governments, and to decide what modifications or adaptations to the GATT are desirable as it moves forward in the second quarter-century of its existence.

There is no doubt that the multilateral trade negotiations, both in their scope and in their significance for international relations generally, will confront the GATT and its member nations with their most severe test. As the arduous business of negotiation gets under way, we can take encouragement from the approval, without a dissenting voice, of the Tokyo Declaration by the Ministerial Meeting of 102 nations.

If the Tokyo expression of political will is kept in the forefront of our minds and reinforced when necessary, there is the prospect that GATT will emerge at the end of the negotiations an even stronger and more efficient instrument to govern the conduct of world trade and trade relations.