It is with a somewhat mixed sense of emotion and sorrow that I am with you again attending a Session of the Contracting Parties to the General Agreement on Tariffs and Trade. Having participated in the development of this organization since it came to life in Geneva, in 1947, when its doctrinal principles and structural basis were established, I should like to say that I experience a real pleasure in meeting again the members of this great assembly, especially some old and dear friends, but that at the same time I am distressed not to find here some of the valiant champions of the initial discussions of GATT who have already started the journey from which there is no return.

This year we do not hear in the gardens of the Palais des Nations or in the slopes of the Swiss mountains the song of spring, as in 1947, probably because the autumn is slowly falling asleep and has begun to prepare Nature for the winter rigors. Perhaps, also, because the illusions entertained by many of us who intervened in the preparatory work of the Geneva Agreement have given place to a more realistic conception. Then, the great objective was to liberalize trade as a means to fight unemployment, and to open new horizons to the free and democratic peoples of the world. The goals were trade and employment alike. GATT was the anticipation of an International Trade Organization ruled by equity and good faith.

The General Agreement was devised to advance the entry into force of the principles which later would rule in the field of tariff negotiations, commercial practices, the exchange of goods, certain monetary questions, etc., while the Charter for an International Trade Organization which would also include the principles to fight unemployment, to facilitate the progress of the underdeveloped countries, to solve the problems created by commodity surpluses, etc., was being negotiated. All these efforts were inspired by the thesis that by increasing the purchasing power of large groups of peoples, the expansion of trade and employment would follow. Unfortunately, this has not happened. The Havana Charter which was discussed and negotiated in one of the most universal economic conferences ever held, was not ratified by those who had the greater obligation, and the underdeveloped countries were left unsheltered with GATT, since they did not obtain the corresponding counterparts which would have restored the necessary equilibrium. The exceptions allowed in the General Agreement have dominated its principles, and it has not been possible for the underdeveloped countries to fully utilize its complicated machinery.
If we take a retrospective view to 1 January 1948, when this multilateral agreement entered into effect as an entirely new thing it must be accepted that during the period which has elapsed, progress and benefits of a certain importance have been achieved. It is advisable and also necessary to recognize these advantages, which help us to understand the real possibilities offered by our Organization, it is probably even more convenient, particularly at this review stage, to recognize with entire sincerity the limitations and weaknesses of the General Agreement. By doing so, we would be able to improve its mechanism, assisted by the knowledge resulting from our experience.

It is the opinion of my Government, that within the complex machinery of the activities of GATT, there are two main sets of problems which have particularly hampered in a continuous manner the life of the instrument and hindered therefore the effective application of its principles.

These problems are related to the policy of the Contracting Parties in the field of tariff flexibility and to the abuse of quantitative restrictions established with the purpose of correcting certain maladjustments in the balance of payments.

When the first round of tariff negotiations which served as a basis for the conclusion of this Agreement took place in 1947, a group of countries, Cuba amongst them, found themselves compelled to participate in such negotiations with entirely inadequate customs tariffs. These tariffs were characterized by the low level of their protective incidence, by their deficient nomenclature and, in some cases, by the specific nature of most of their duty rates. Such circumstances made it clear for some of the Contracting Parties that their tariffs did not offer the necessary protection to their domestic production when, after 1 January 1948, the level of prices taken as a basis for the calculation of the reductions in duties and their protective incidence, continued to raise. They also made them realize that there was a certain lack of equity in the 1947 negotiations, since against this picture of exceedingly low tariffs, other contracting parties continued to maintain very high tariff levels, in spite of the appreciable duty reductions which they had negotiated.

When some underdeveloped countries had to present to the Contracting Parties the unavoidable need to increase certain exceedingly low rates, in order to save from ruin production which already existed before GATT, it must be said that they did not find a comprehensive reception on the part of the countries with more experience. This negative attitude was shown not only in connexion with exceptional situations, where it was necessary to ask the Contracting Parties for a special authorization to hold the corresponding negotiations, but also when the intention was simply to utilize the procedures established in Article XXVIII of the Agreement, to adjust tariff concessions, once the assured life of the Schedules had terminated.
In other words, it could be stated that in spite of the general statements in favour of economic development, and in spite of the corresponding provisions of the Agreement, the political trend which has prevailed in the Organization, in a more or less open way, has continuously hampered the fulfilment of this important objective of the Agreement.

In frank opposition to the policy of inflexibility in the tariffs and in the concessions negotiated which has been sustained by some countries, my Government considers it necessary that the provisions of the Agreement which guarantee tariff flexibility should operate and that the procedures adopted to facilitate such a climate of flexibility be simultaneously simplified and improved. This opinion of the Cuban Government is not formulated to protect the individual interests of any one country. Our purpose is to implement the basic principles of economic development so rightly accepted within the GATT structure, since they are essential for the stability of the world's economy and because for many contracting parties the expansion of production and markets depends on such principles.

If a careful study is made of the tariff flexibility which must be created within GATT, we shall arrive at the conclusion that the satisfactory solution of this problem does not lie in the introduction of substantial reforms in the present text of the instrument. There is no question that some of the provisions which contemplate this flexibility should be improved. But, in the judgement of the Cuban Government, the most important modification required is of a different nature.

What must be substantially altered is the spirit, the attitude, or rather the policy of some contracting parties with respect to the tariff problems affecting many underdeveloped countries. This, in our opinion, is fundamental, for experience has shown that, in spite of the principles and provisions of the Agreement, if no political cooperation is obtained from the most important members of this Organization, the objectives of the Agreement cannot be fulfilled. And if such a situation should arise it will be necessary to ask what advantages are to be found in GATT by the underdeveloped countries.

My country, for instance, is facing a disturbing economic situation resulting from international factors to which GATT does not seem to offer any remedy. Our economy mainly depends on the natural production of sugar. And just as in times of international emergency we are called upon to expand our production to supply this energy product to the world at controlled prices, there is no compensation in periods of normality when prices decline, markets become closed on account of excessive internal taxation or import restrictions, and the established international monetary funds fail to solve the lack of currency to buy products like ours. In the meantime, our population continues to grow and unemployment with it.
Is it possible to close our eyes to the needs of our people? Of course, not. Taking into account the growth of the Cuban population and the limitations which world production and competition create to sugar expansion, we have to defend our sugar production, and at the same time to try to relieve it from its role of principal support of our national economy, by diversifying our agricultural production and looking for a rational industrialization of our country with a view to offering employment to our people and to increasing their purchasing power.

Both in connexion with our sugar production and with the other products which we export (or which we should export) and which we import, it is also necessary to mitigate in some manner the adverse nature of the terms of trade which we face in Cuba - as it happens in all underdeveloped countries - because we export primary commodities at low prices, officially or unofficially controlled, and we generally import products at high prices which are very seldom subject to control.

Because of these circumstances, our Government found it necessary to initiate on 24 March 1954, a review of our Customs tariff with a double purpose: 1) to adapt the obsolete Cuban tariff to modern nomenclature and techniques; and 2) to protect the economic development of our country. The tariff concessions granted in connexion with the negotiated items will be maintained, but we wish to reserve our right to alter the duty rates if our economic development needs shall so require, respecting the percentage of the reductions agreed upon through the corresponding negotiations.

Any attempt to freeze indefinitely the tariffs or to reduce them in a general and non-discriminatory manner without consideration to the particular circumstances of each underdeveloped country would constitute, in our opinion, a case of economic aggression.

The Contracting Parties surely have not forgotten that they have recognized in the preamble to the General Agreement, that the commercial and economic relations between them "should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods".

The Cuban Delegation will endeavour to ensure that Article XI relating to the general prohibition of quantitative restrictions and Article XII referring to balance-of-payments restrictions should not operate as in the past for the exclusive benefit of particular situations. If the present discrimination is maintained, my Government considers that a provision will have to be incorporated in the Agreement which would allow the underdeveloped countries to establish protective measures of a tariff or quota character to counteract unemployment.

My Government also considers that Article XVIII on economic development should be liberalized; that the provisions of Article XIX relating to emergency action on imports should operate more speedily; that greater
facilities should be provided in Article XXVIII in connexion with the modifications of the tariff schedules; and that a larger scope should be given to Article XXIX regarding the application of the provisions of the Havana Charter, particularly with reference to Chapter VI on intergovernmental commodity arrangements and to Article 32 of the Charter on the orderly liquidation of stocks.

We are very hopeful that our words will be received with sympathetic consideration by the Governments attending this Session of the Contracting Parties. The position of many of the countries which have so far been unable to develop their economy, is more difficult than generally suspected and whatever may be the goodwill of their Governments, some of them will feel unable to cooperate further with this Organization unless adequate procedures are established with real sincerity and within reasonable limitations, in order that a true tariff flexibility could exist in the Agreement and that their economic development be not hindered by more or less ingenuous reasons.

We are aware that the economic development of a country depends basically on its own efforts and on its natural resources. This is perfectly acceptable for us. We cannot accept, however, that these efforts should be greater than necessary and that the underdeveloped countries could not do what the more experienced countries did when they were in the same situation.

Amongst the measures which could be considered to solve satisfactorily this problem, we should like to suggest the following:

1. Limitation to only two years of the period of consolidation of the Schedules.

2. Maintenance of the intersessional procedures for the adjustment of tariff concessions adopted at the Eighth Session.

3. New text for Article XVIII, following the lines suggested in the informal draft prepared by the secretariat, but with some substantial modifications as to its scope. In other words, that the facilities and special assistance to be granted for economic development be not only enjoyed in the case of the establishment of new industries but also when the question is to maintain or develop already existing industries.

4. Absolute respect for the provisions of Article XXVIII and express recognition by all the Contracting Parties that there are no limitations of any kind in the procedures established in that Article for the tariff adjustments.

5. Inclusion of a new clause in Article XXVIII providing that if concessions are withdrawn or modified unilaterally because agreement is not reached between the interested contracting parties and the country affected by such unilateral action withdraws in its turn concessions more than substantially equivalent, the case could then be submitted to the Contracting Parties for consideration and decision.
6. Inclusion of a new provision in the Agreement recognizing the right of individual contracting parties to alter, without compensation, the specific rates of duty bound in the Schedules, when the price level taken as a basis for the negotiation has varied substantially.

We must reserve our right to press each of these points in the discussions which will take place in the Working Parties. We consider that the GATT problems are not easy enough to be solved by the simple formula of strengthening the Agreement. The statements made by the previous speakers have proved clearly that we face a very dangerous dilemma that is extremely difficult to reconcile. On the one hand, we find the peculiarity of the national economies dominated by the security problems and the conquest of markets to obtain the necessary resources to balance the budgetary and monetary disequilibria. On the other hand, the peculiarity of the economies of the underdeveloped countries, dominated by the need for giving employment and a decent standard of living to their growing population.

Some representatives of industrialized countries with an important position in foreign trade, seem to be mainly concerned with the question of finding ways and means to sell more to the other countries; and appear not to pay enough attention to the fact that these other countries need also to sell more to be able to buy. This expression of ability is even more surprising because of its skillfulness. However we would feel more satisfied if greater emphasis was placed on the need to raise the living standards of all people, beginning with the population of the underdeveloped countries which constitute the great majority of the world population, to obtain a general increase of the purchasing power.

In the difficult discussions we have under GATT, we think so much about quotas, subsidies, restrictions, tariffs, monetary difficulties, etc. that we are forgetting the "man" factor, and also loosing sight of the fact that, to the extent that we could satisfy the desire of economic security and social welfare which every human being has, however primitive be his civilization, we may find the solution to these complicated economic problems.

As to the reorganization of GATT through the negotiation of two instruments, one for the organization provisions and the other for the tariff and trade regulations, the experience gained with the Havana Charter compells us to adopt an attitude of expectation. A part of the agreement could again receive the approval of the parliaments and the other not, with the resulting uncomfortable feeling, since no country may judge the others in the light of its constitutional or parliamentary practices. We believe that the present small secretariat has done an excellent work and that, if it is somewhat enlarged so as to give a greater representation to the underdeveloped countries and see its scope consequently increased, it could obtain a greater experience until the new organization be ripe for operation.

It is our sincere wish, Mr. Chairman and Fellow Delegates, that cold selfishness will not destroy our hope that the great principles which inspired the Geneva Agreement on Tariffs and Trade and the Havana Charter for an International Trade Organization will do away with the dense net of vested interests which impede these principles from shining with all the strength we all should like in this room, and which undoubtedly is expected by all the peoples of the world.

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