On 30 October 1947, just ten years ago, twenty-two nations signed a Protocol of Provisional Application for the General Agreement on Tariffs and Trade with the main 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".

This instrument, the GATT, was to be of great importance not only in the field of international trade but also in the development of the national economies of many countries. It has, in fact, proved to be of much greater significance than was anticipated when it was being discussed and drafted, because the GATT had only been created as an anticipation of the Charter for an international trade organization (ITO). Those of us who took part in the 1947 negotiations never imagined that the GATT could ever be of a permanent nature. We were considering it, in the light of the guarantees which were being given as a preliminary step that had to be taken in order to show sceptical people that the conclusion of a multilateral trade agreement was feasible. Furthermore, when we as representatives of under-developed countries complained that it favoured industrialized countries with a diversified trade, we were given to understand that the necessary counterparts for the defence of our economic and social development would be included in the provisions of the Charter for an international trade organization. But the Havana Charter was not given the occasion to breathe and passed away, and the GATT was called upon against all expectation, at least as far as we are concerned, to play to a large extent the part which had been reserved for ITO.

On the tenth anniversary of GATT, we cannot avoid a certain feeling of melancholy when we remember those who fought so untiringly and with such an imagination to reconcile the many conflicting interests and who are not here today, being gone beyond the point of no return. And the leaves falling from the trees on our path to the Palais des Nations remind us of our bygone illusions about this organization, which the passing of time and reality have snatched away from the young tree we planted in 1947.
However, it is only fair to recognize that in spite of the great difficulties which it has had to face since its foundation, the GATT has rendered great services to the liberalization of international trade and the achievement of the objectives of the United Nations Charter, although it has not yet progressed as far as we expected and consider necessary for the social and economic development of the under-developed countries.

Having had the privilege to participate in the negotiation of the GATT, we feel particularly pleased to represent the Cuban Government at this Session and to pay tribute to the magnificent work accomplished by men of goodwill such as Dana Wilgress, Fernando Garcia Oldini, André Philip and other outstanding personalities at the policy level, and Eric Wyndham White, Jean Royer and others at the administrative level to reconcile interests and principles. The progress achieved over so many limitations and restrictions, is probably due more to the personal action of these men and to the valuable assistance given us at all times by the efficient secretariat of the Contracting Parties, than to the rather cryptic wording of the GATT.

The examination which we are making of the present status and trends of international trade is of course a source of concern to us. In effect, although it is true that the value and volume of international trade increased in 1956 by 11 and 9.5 per cent respectively, compared to 1955, industrial production only grew by 4.6 per cent, a fact which gives us cause to fear that the expansion of international trade will not be maintained at the same rate as in recent years. This preoccupation arises also from the fact that in 1956 the trade between highly industrialized countries and under-developed countries has continued to decline as a consequence of the shrinking in the demand for raw materials and primary commodities, and the greater use of substitutes.

For Cuba, whose economy depends to such a considerable degree on foreign trade, it is of vital importance that the Contracting Parties should give the most careful and serious attention to the study and adoption of measures which can contribute to reverse the adverse trends which we have mentioned and secure at the same time a greater progress towards the expansion of trade through international trade cooperation.

At first sight it may be thought that there is some inconsistency between the great interest we show in the expansion of international trade and the fact that our government intends in the near future to reform our Customs Tariff. As a matter of fact, this inconsistency is only apparent because the revision of our Customs Tariff is being made in full consciousness of the importance for Cuba to preserve a high level of trade with foreign countries and that a well-balanced economic development, in which the tariff reform is an essential factor, will contribute to raise the standard of living of our people, thereby increasing our purchasing power and therefore our external trade, instead of reducing it. It is obvious that with an obsolete Customs Tariff of an essentially colonialistic character, practically unchanged
compared to what it was before Cuba achieved her independence, it is impossible to give the country a better balanced and more dynamic economy as the needs of our increasing population require.

Within the framework of the review of present commercial trends and of the appropriate measures likely to lead to trade expansion, the discussion that the Contracting Parties are initiating in relation with the Treaty establishing the European Economic Community, and which has been signed by six important countries of Western Europe, is especially relevant.

The Government of Cuba fully appreciates the outstanding effort of co-operation represented by the Treaties and Protocols signed in Rome on 25 March 1957, and it considers that the signatory countries are entitled to take this step that they consider indispensable for the development of their national economies.

Apart from the important bearing that the establishment of a 'Common Market has for the eventual economic and political integration of the participating countries, it is logical to think that the removal of trade barriers and the free movement of persons, goods and capital, will have profound repercussions on the raising of the standard of living in the Six countries. On the other hand, if the Common Market, renouncing to any autarchic tendency, were to promote increased trade with third countries, it would be more likely to have favourable effects on international trade in general and contribute to the economic prosperity of the world.

Considering that the formation of customs unions and free-trade areas can produce these beneficial effects, the GATT authorises their formation in Article XXIV, and does not consider them incompatible with its general objectives and other provisions, provided that these customs unions and free-trade areas fulfil the conditions established in the same Article.

With this object in view, Article XXIV stresses specifically:

"..... that the purpose of a customs union or a free-trade area should be to facilitate trade between the parties and not to raise barriers to the trade of other contracting parties with such parties."

For this reason the provisions of the said Article stipulate that:

"..... the duties and other regulations of commerce imposed at the institution of any such union or interim agreement in respect of trade with contracting parties not parties to such union or agreement shall not on the whole be higher or more restrictive than the general incidence of the duties and regulations of commerce applicable in the constituent territories prior to the formation of such union or the adoption of such interim agreement, as the case may be;....."
It says also that a customs union or a free-trade area must be formed in accordance with a previously established plan and "within a reasonable length of time", in order to avoid, for example, that a frustrated attempt to establish arrangements of this kind becomes in fact a permanent preferential system. Finally, Article XXIV stipulates that the countries which decide to form a customs union or a free-trade area promptly give the Contracting Parties all the information needed to prepare those reports and recommendations they consider appropriate.

It does not seem realistic, taking into account the present state of affairs, that an economic integration so important as the one we are discussing today, be judged from an exclusively legal point of view.

However, it is necessary to take into account that the provisions of the GATT to which we have already referred do not constitute mere legal formalities, but have a fundamental aim to assure that the customs unions and the free-trade areas effectively guarantee the attainment of the objectives of trade liberalization and the protection of the interests of third countries, which precisely justify such regional arrangements. And, as we stated at the Economic Conference of the Organization of American States held two months ago in Buenos Aires, we are very concerned with the consequences of the European Economic Community on the economies of the countries of the American continent.

The examination of the Treaty of Rome and its Protocols shows that, although in principle, many of its provisions are in agreement with the essential conditions established by the GATT for the formation of customs unions and free-trade areas, these documents as a whole exceed the precepts of the GATT and therefore cannot be considered as fully coming within the provisions of Article XXIV. Even with respect to the provisions which at first sight seem to be in accord with the requirements of the GATT, as the ones relating to the reduction and eventual removal of customs duties, it is impossible to pass immediate judgment. For instance, no determination can be made as to whether the establishment of the Common Tariff is consistent or not with the provisions and aims of the GATT, until the level of the common tariff is known and can be compared with the present ones.

There are other aspects of the main Treaty which have an exceptional importance for a large group of third countries that do not appear compatible with the provisions of the GATT.

The terms under which the Treaties envisage the association of the overseas territories and countries with the Common Market, can in no case be considered to fulfil the minimum requirements of the GATT, because in reality this association represents the formation of a new and extended preferential area without the characteristics which allow, in accordance with the GATT, the formation of customs unions and free-trade areas.

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Also, the provisions relating to agriculture have undoubtedly two serious deficiencies. On the one hand, they are so vague and leave such a wide margin for their execution that it is not possible to form any judgment as to their implications and possible consequences. On the other hand, the clauses which deal with the making of long-term contracts between the Member countries and the establishment of minimum prices, inevitably lead us to assume that their application will require the imposition of quantitative restrictions on the imports from third countries. Such provisions relating to agriculture are designed, not to bring about the re-adjustment of agricultural production in the Six countries on a more efficient basis, with the resulting increase in productivity and real income. They simply mean the organization, on a regional scale, of the systems of high protection of agriculture existing today, and it can be assumed, furthermore, that this organization on a regional scale shall be logically more restrictive to the trade with third countries than the present national systems of agricultural protection. This strong assumption, that we think it is reasonable to establish, is to a high degree confirmed by the fact that, for many agricultural products, the rule of the arithmetic average has not been followed for the calculation of the common tariff. Instead, agreed rates almost of a prohibitive character, and generally considerably higher than the average, have been fixed.

In the case of sugar, for instance, the product on which my country is vitally dependent and the exports of which to the Six countries are considerable, the Treaty of Rome has not followed the rule of the average, but has established a duty of 80 per cent ad valorem. This rate is not only nearly twice as high as the one that would result from the average, but also in fact represents the imposition of an ad valorem duty of 80 per cent in the principal importing country of the Community, which has had its tariff on sugar suspended since 1951.

If we consider that the case of sugar is not unique, since it is repeated with respect to many other agricultural products, we can fully grasp how serious are the prospects for the trade of many contracting parties the economies of which depend on one or a few export products. Although such products are not large in number, the adverse effects on the economies of many countries may be considerable. For those countries facing such a situation, the assertion that the provisions of the Treaty are not restrictive does not make any sense.

The brief examination which we have just made is not based on narrow legalistic criteria, but on a reasonable appreciation of those aspects of the main Rome Treaty which may justifiably give rise to some fears and some concern amongst third countries. In our own opinion this analysis leads to three basic conclusions:

1. The Treaty establishing the Community is so complex and covers such important trade and economic problems that notwithstanding all the efforts which have been made it is not possible to assess with a reasonable degree of accuracy the true meaning and full scope of some of its provisions.
2. The Rome Treaties taken as a whole may represent a valuable contribution for the achievement of the general objectives of international trade expansion and liberalization which are the very raison d'être of the GATT, but at the same time they contain provisions which are clearly in contradiction with specific obligations undertaken under the General Agreement.

3. If the main Rome Treaty is eventually to fulfil the objectives which it lays down and which have been repeatedly proclaimed by its authors, it is essential that the Contracting Parties may have an opportunity to determine the scope of such contradictions, the possibility of reconciling any incompatible provisions of either text and, above all, over the transitional period, to what extent the specific measures to be adopted by the Six countries can be adjusted to the conditions which the GATT lays down as essential if they are to be accepted. This will guarantee the achievement of the GATT objectives as well as the safeguard of the legitimate interests of third countries.

Therefore, to conclude, we wish to express our sincere belief that guided by the spirit of close co-operation of which we have given ample evidence over the last ten years, it will be possible to harmonize the entry into force and implementation of the Treaties establishing the European Economic Community with the effective protection of the interests of third countries, through the adoption of principles and procedures within the framework of the GATT. It is only through such harmonization that the Rome Treaty can really be fruitful and that the GATT could continue to be an instrument of international co-operation in the field of trade which will include in the future amongst its greater achievements such harmonization.

If, on the other hand, we are confronted with an accomplished fact excluding any possible reconciliation with the outstanding principles which constitute the basis and the safeguard of the GATT, we shall be perhaps against our own will sowing the seeds for a great crisis which would be all the more serious as the nations involved will be more numerous and more important. And then what could third countries expect - in particular under-developed countries which are always required strictly and almost without any exception to fulfill the legal requirements of GATT - from the potentialities of the principles of this international agreement if this test cannot be gone over successfully?

This, therefore, is not the time to pour oil over the fire, thus making difficulties more acute. This is the time to remember that mutual understanding and reconciliation of conflicting ideas and interests can make it possible to live in harmony and to secure progress for peace-loving peoples and to promote freedom in an atmosphere of equality in opportunity on a mutually advantageous basis for all the countries concerned.

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