I think that we should congratulate ourselves and GATT on the presence, at the Thirteenth Session of the Contracting Parties, of a number of Ministers from various countries. Their presence shows that the problems which are considered in GATT are beginning to achieve their rightful place in the minds of statesmen. At the present time, this is not merely an encouraging sign, but it is a positive act of political and psychological significance. For the use and abuse of newspaper headlines, wireless broadcasts and television programmes have, to some extent, persuaded public opinion that the most important matters are those which receive the widest publicity. And since the nature of our work is such that it cannot be proclaimed over loudspeakers, public opinion might believe that we are doing nothing - or if anything, that it is of little value.

The fact that Ministers are present in this conference room to participate in our work should, in particular, show public opinion that our work - although rather esoteric, silent and almost invariably confidential - is nonetheless positive and concerns the solution of essential problems. The public should realise that GATT is perhaps the only inter-governmental organization in which the representatives of countries of every continent and of every stage of material evolution can gather in order to try to overcome the economic obstacles hindering that development which makes possible the orderly elimination of inequality and injustice in the relations between States.

We all know that, in the present conditions of trade, the countries which export primary products are generally at a disadvantage in the world. The prices of their exports are often neither equitable nor profitable, and these prices are usually fixed not by the exporting countries, but by the industrialized countries, whose interests are not the same. The terms of trade are increasingly unfavourable for exporting countries and, because of all these factors, development is held back. The consequence is that while the countries with money and knowhow are becoming richer and richer, the less developed countries which export primary commodities are becoming comparatively poorer and poorer.

This has been stated from every platform; it has aroused the rightful wrath of the under-privileged nations and has built up a demagogy of an international kind of which we cannot ignore the explosive power and effect in the political and social fields.
As I have said, GATT is not a public forum, and is therefore not an instrument of demagogy. And GATT has endeavoured to find effective solutions to these problems. We are all aware of the efforts which have been made as well as the obstacles which have considerably limited the results achieved. After a year of assiduous work, the committee established by the Contracting Parties to find ways and means of solving the problems inherent in trade in primary commodities had to abandon this task. The Contracting Parties were not discouraged and at the Eleventh Session they approved a Resolution which last year enabled them to appoint a group of experts whose report has been the starting-point of a discussion which, if we are consistent, should result in a new, more practical and more direct step forward towards a solution of the problem. Let me say in passing that it seems to me essential that this report be translated into Spanish.

I must commend the authors of the Report on Trends in International Trade for the sincerity and objectivity of their analysis and the conclusions drawn. They have examined the subject from many angles and have made a variety of suggestions whose principal value lies, to my mind, in the fact that as they are of a purely technical nature, they open up the way for positive and feasible solutions.

Whether they were considering the development of the trade of non-industrialized countries, cyclical fluctuations, inflation and the effects thereof, the financing of industrialization, the terms of trade, balance of payments, capital movement, the reserve situation, fiscal levies, the part played by stocks, or means of assistance, etc., the experts have made a cool appraisal and have expressed an impartial diagnosis.

If one considers this document objectively, taking into account the reservations expressed in it, one general conclusion is particularly striking. At the present juncture, the factors which cause instability of prices in the international commodity market are not within the control of the insufficiently developed countries. It is not upon the insufficiently developed countries that depends the elimination of protective machinery which exists in the markets of the industrialized countries who reduce their imports of primary products. Similarly, it is not within their power to improve the terms of trade in order to be able to finance their economic development in a normal way, or to mobilize the public or private capital which can assist them to carry out a programme of industrialization and solve their social problems. It is not within their power alone, therefore, to achieve a balanced payments situation or to maintain their monetary reserves at a reasonable level.

The case of my country (whose balance of payments depends on exports of two main products) is an illustration of the theory which I have deduced from the report before us.

At the beginning of 1956, the Chilean Government decided to abolish multiple exchange rates, to do away with direct quantitative restrictions and to eliminate all discriminatory measures. At the same time it launched a strong campaign against inflation. This two-fold programme was a bold undertaking which called for great and painful sacrifice by the Chilean
people. But in a spirit of great civic maturity, the nation joined in, confident that the effort required would be great but relatively brief, and that it would result in financial recovery and an era of salaries with stable purchasing power, in which day-to-day life would no longer be a nightmare.

In April of that same year, although the price of copper fluctuated around $0.46 per pound the Government prudently drew up the 1957 budget estimates on the basis of $0.35 per pound. In 1957, however, the price of copper dropped, first to $0.30 per pound, then to $0.27, and finally to a level which enabled the United States Government to re-impose customs duties in accordance with the relevant legislation. It was estimated in September 1957, when the average price of copper was still $0.27 per pound, that the loss in actual revenue, as compared with the Government's cautious budget estimates, amounted to some $60 million and the recovery programme was consequently completely disrupted. Subsequently, the situation became still more alarming.

We are fully aware of the technical and commercial considerations which must be taken into account, but we must nevertheless point out that during the period to which I have referred, a number of depressive factors emerged over which neither my country nor any other copper producer could have any control - for instance, the Middle East crisis, the United States Government's decision to suspend purchasing for strategic reserves, the offering for private consumption of 36,000 tons of the United Kingdom Government stocks, the application of anti-inflation measures in the principal consumer countries, etc.

Not only has the fall in the price of copper aggravated our balance-of-payments position, constituting a threat to our monetary reserves, which were already precarious, but it has also gravely jeopardized the Government's anti-inflation programme and seems to have nullified for a long time to come all the efforts and sacrifices of the Chilean people.

In the light of what the experts have found and what the case of Chile demonstrates, one must recognize that the countries which are in the process of development do not have the means to fight domestic inflation alone or to reduce or eliminate restrictions on foreign trade. It would, therefore, be reasonable that in studying the use of quantitative restrictions by countries to which Article XVIII (revised) of the General Agreement is applicable, the Contracting Parties should take into account to the fullest extent all the factors to which I have referred and should not, as in the past, limit their consideration to the measures which the country concerned is taking, or could theoretically take, in order to reduce or eliminate the application or the effects of these restrictions. Perhaps the time has come to take a decision on this matter and to request the secretariat to propose a procedure for making a thorough study of the extent to which the highly industrialized countries can be considered responsible for the restrictions imposed by the insufficiently developed countries. This would allow us to approach the problem from a more realistic angle and would open up the road for constructive solutions.

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In connexion with item 2(b) of the agenda for the Ministerial Meeting, I think one should add that there is a need for a careful study of the problem of dumping in a given market by a third country; the General Agreement contains only theoretical provisions in regard to this type of dumping and they are not effective in practice. In conjunction with the multiple forms which restrictive business practices may take, it constitutes an instrument which is used exclusively by the great trading nations and to which the latter have recourse at the expense of the less prosperous countries, who are unable to retaliate in that field and have no legal means of defence. As the experts have pointed out, the increasing use of such unfair practices will gradually reduce the incidence and the protective value of customs duties. This should be a cause for serious concern in GATT, since the binding of customs duties has until now been one of its main reasons for satisfaction. It should be possible to do something in this matter, and it is most important that the Contracting Parties take action at this Session.

The situations and dangers to which I have referred, and in regard to which the Report of the Experts contains much information and many sound suggestions, may become even more serious if actual events confirm the fears which certain provisions of the Rome Treaty have aroused in the minds of all of us; and most of these fears are expressed again in the Report which is before us.

We shall be able to review the situation during the consultations provided for in the Recommendation of 2 May of the Intersessional Committee. The spirit in which the Six act and the conclusions we shall draw will serve to indicate the interpretation which should be given to these much-discussed provisions of the Treaty and the effects which their application may reasonably be expected to cause. For the time being, in accordance with the terms of the experts' report, we must stress that if the European Economic Community were to be an instrument for trade diversion and increased protectionism, "it might be the signal for a growth of undesirable discriminatory arrangements of a trade-diverting and protective character".

Apart from the opportunities and dangers which it presents, the European Common Market, coming as it does after the Commonwealth and the initiative taken in Central America, has launched a new era in trade relations between nations. It would be lacking in foresight to imagine that these relations will continue for a long time to be governed by the most-favoured-nation clause and that preferences will be the exception to the general rule. The European Economic Community will be followed by other associations of countries, based on the granting of special treatment. Plans are already being studied for the European Free-Trade Area, the Scandinavian common market and for economic integration in Latin America.

In these conditions, the most-favoured-nation clause, which is one of the basic concepts of GATT policy and is the basic rule governing trade, will be applicable to only a very small part of world trade. International trade will be mainly governed by what is today an exception to the provisions of the General Agreement.
One might point out that this is a trend which is just beginning to emerge. But the fact is that the transformation is under way and it would be prudent to begin even now to consider its nature, scope and effects as well as the precautions which should be taken in order to ensure that relations between the new economic units do not degenerate into a struggle between conflicting interests.

Public opinion in the various countries, which is perhaps aware of this evolution, already accepts the idea that the structure of GATT should be modified. GATT should be transformed from the club which it is now into a universal organization in which every nation would be represented and in which could be presented all the problems which economic and trade relations cause in a changing world. It is essential that such an organization should be governed by a policy based on the interdependence - not the opposition - of interests.

The fact that the Havana experiment did not succeed is no reason for us to adopt a negative attitude. On the contrary, it should inspire us to ask ourselves if the time is not ripe to consider renewing that experiment on a fresh basis. We have gone part of the way, we have gained a certain amount of experience, and we now find ourselves in a situation where economic relations and trade are undergoing a fundamental transformation, at a time when it is essential that the objectives of the Havana Charter should be put into practice.

The general climate is not unfavourable for an undertaking of this kind. There is something in the attitude of the great industrial powers which seems to indicate the beginning of a change in their conception of relations between countries which are at different stages of economic development; there are signs that, just as in national communities, a "social" criterion can succeed in orientating the economic policy of the international community. The conference of Foreign Ministers at Washington is an encouraging symptom. It is not the first symptom, and let us hope that it will not be the last. If the Contracting Parties were to decide to orientate their policy in this direction, inspired by the report of the Exports, we might begin to believe in international equity and to contemplate the future without too many qualms.

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