GENERAL AGREEMENT ON TARIFFS AND TRADE

Meeting of Ministers

STATEMENT MADE BY MR. F. MODRZEWSKI, DEPUTY MINISTER FOR FOREIGN TRADE IN POLAND, ON 28 NOVEMBER 1961

Obstacles to the Trade of Less-developed Countries

The problem before us is undoubtedly one of the most important. Today one could never deny this, tomorrow its importance may be even greater. Committee III is now tackling this problem. It is obvious that the terms of reference of the Committee cannot fully cover the complexity of the problem under consideration, since it falls out far beyond the problem of external trade of the developing countries. I think that the initiative of examining and solving this problem was not only useful but necessary. At this stage of the Committee's work it is still difficult to form a clear picture of all obstacles impeding the trade of the less-developed countries. It is nevertheless, clear that these obstacles are numerous and complex.

Poland is deeply interested in the work of Committee III and though if not a member of it would like to make its modest contribution to solve the problem. I am saying this also because of certain suggestions made by the Committee as far as Poland's rôle in removal of obstacles to trade of the developing countries is concerned. Since Poland is vitally interested in expanding its trade with all countries - we always listen attentively to all those proposals which might contribute to the improvement of mutual economic relations.

In the case of the developing countries Poland attaches the particular importance to the strengthening of commercial ties with them. It is not because we are more or less interested in expanding our commercial relations with one or another group of countries. It is only because of the fact that our industrial achievements and our export possibilities resulting from them are generally less known in the developing countries. On the other hand, we ourselves know in some cases insufficiently the market situation of the countries in question. The reason for this is both geographical and historical.

In the near past Poland itself was a developing country and, therefore, its possibilities for trade expansion with other developing countries were rather limited. Today it is no longer the case, although very much remains to be done in the field of trade between Poland and the developing countries. If I am saying this it is not because our intention is somewhere in the air. In the past decade we noted a significant progress in our trade with countries in question. In 1951, for instance, their share in our total trade was even not exceeding 3.5 per cent. In 1960 this share was already exceeding 7.6 per cent. As our total trade increased markedly during this
period it meant that in absolute terms our trade with the developing countries rose by more than four times. We anticipate that by the year 1965 the trade in question should rise at least 2.5 times if compared with the level reached in the last year. Despite the rapid rate of growth of our trade with the developing countries we still regard that trade as of being at the initial stage. We do have a sincere hope that together with partners concerned we will push it beyond this stage.

The structural changes of our economy do create a steadily growing demand for different kinds of imported goods. I do not intend to quote the examples of such an increase which occurred in the past or is going to occur in the near future. In some cases this increase is multiple.

It is also true, however, that imports of certain products from the developing countries are relatively modest if compared to some other industrial countries. One should not forget, however, that our economic development was taking place in a difficult situation, where war damage did play its own rôle. This situation had its influence on our payments position and this in turn was a limiting factor in our import possibilities.

Poland had also some serious difficulties in its balance of payments vis-à-vis the developing countries. In the past our exports to them were hardly exceeding the half of imports originating from them. Since our general payments position is far from satisfactory and the transferability remains a serious problem - we had to approach this question squarely. Naturally, the easiest solution would be to cut our imports from the developing countries. This we have not done. On the contrary, these imports have risen significantly. It was our export expansion which enabled us to do this. We diversified our exports to these countries and this in turn is gradually helping us in overcoming our payments difficulties with them. If in the past we could offer the developing countries only coal, textiles, some steel products and some agricultural commodities - today the leading item in our exports to them are the capital goods.

Furthermore, Poland started to offer different goods on credit terms to the developing countries. It is true that the amounts involved are still not large, but it is true that we are now in a position to do this, while in the past one could never dream about it. There is also a good progress in providing the developing countries with technical assistance from our part.

As I already mentioned above there are certain products which we are importing from the developing countries in quantities rather modest.

I would like to emphasize strongly, that in Poland there is no tendency of keeping the imports of certain tropical products at the low level. A few commodities cannot give the real picture of the situation in the trade with the developing countries. There are several products traditionally exported
by the developing countries which we import in amounts never known before. Also the manufactured products can find the market in Poland. For instance, our tests of Indian textile machinery are satisfactory and according to the last trade agreement with that country we will import this machinery in significant quantities. The same could be said about some steel products. The range of goods for which Poland is a potential market is ever growing. I would even say that in the planned-economy system it is much easier to stop the production of certain goods and to rely exclusively on imports of them providing that our payments possibilities are secured. In certain cases the same could be said on renouncing from starting the production of goods which we could receive from abroad on advantageous terms. All these require serious studies and careful negotiations with parties concerned.

Poland is fully aware that it cannot export to the developing countries without importing from them.

Having in mind, however, our payments difficulties vis-à-vis them our present concern is how to expand the exports to them in order to secure the steady growth of their exports to Poland. Our needs for products exported by the developing countries are very large indeed.

In conclusion, I think that Poland is doing its best in the field of trade expansion with the developing countries, although our situation in this respect differs very much from that of some other countries because of many reasons. But the trend of mutual trade expansion is very promising and this I am stressing particularly.

Referring to the work of the Committee as such, I think that the valuable work has been carried out. I think also that the scope of its activity will be broadening as the work is progressing. Poland fully supports this work aiming at such an important objective and our Government has a sincere hope to co-operate in this field.