The present meeting at ministerial level will be a landmark in the history of GATT, for it is the first occasion on which more than thirty Ministers of State with governmental duties and responsibilities are meeting at the invitation of the Contracting Parties to try to find solutions to the ever more acute and urgent problems which arise in the field of international trade and, in particular, affect the life and economic expansion of those countries which we usually term under-developed.

The fact that this meeting is taking place and that we see assembled here the persons responsible for the economic and commercial policy of the wealthiest and industrially most powerful countries should be interpreted as a sign that, on the one hand, GATT has realized that the studies and investigations which have been successfully carried out so far must give way to a phase of decisions, and, on the other hand, that the governments of the great economic and trading nations are becoming increasingly aware of the fact that the destiny of the West will be played out in the developing countries and that the fate of the world of tomorrow will depend on the understanding which they show and the policy which they adopt in the face of these inescapable necessities.

Much has, of course, been done in the field of financial and technical assistance, and, on our part, it would be unfair not to mention here the understanding and generous attitude of the United States of America which, in their "Alliance for Progress" declaration, embodied in the Punta del Este Charter, have laid the foundations for joint and rational action which should make a significant contribution to stimulating the economic development of the Latin American countries on a sound and healthy basis. The programme of the United States Government is based on the premise that international assistance can achieve all its objectives only if the countries concerned remove the domestic obstacles to a more dynamic development of the economy and a more equitable distribution of wealth among all groups of society.
My Government, which shares these views, has carried out far-reaching reforms, some of them painful ones, in the field of diversification of production, of monetary and fiscal policy, foreign trade, budgetary organization and the formation of savings; it had to face up to the terrible consequences of the earthquakes which occurred in May 1960; at the present time, it is preparing a programme of agrarian reform and, taking due account of all the relevant factors, has drawn up and applied an economic development programme under which in a ten-year period the level of investment in my country will be raised from 10 per cent to 18 per cent of the gross national product. This increase will be achieved through large-scale participation by the public sector, particularly in the early years, and through incentives to savings and investment in the private sector by means of special measures in the fields of credit, taxation and trade.

My Government is convinced that the implementation of this programme, together with the effects of the common market which is to be established gradually by the Latin American Free Trade Area, will help enormously to give a stronger stimulus to our economy and raise the standard of living of the Chilean people as a whole.

We realize, however - and this has been stated frequently - that neither external financial assistance, nor the plans, efforts and domestic sacrifices of the developing countries can suffice. In order to achieve success, these countries must be able, by disposing of their export products through normal channels, to obtain the foreign exchange which they need in order to service the loans granted to them for their development and to meet the increased import requirements which will result from that development.

It is, unfortunately, in this regard, which lies within the specific purview of GATT, that we encounter the principal obstacle to any economic development undertaking, and it was in order to remove, or at least diminish, that obstacle that the Contracting Parties - after carefully studying the Haberler report - set up the three committees on the expansion of international trade; the studies made by these committees resulted in the Tariff Conference which opened in 1960, and in the work of Committees II and III whose reports form the basis for the discussions at this ministerial meeting.

The Tariff Conference has shown that we can expect but little from the present method of negotiation. On the one hand, the great industrial powers do not appear disposed to grant adequate concessions on products of vital interest to the under-developed countries and, on the other hand, the latter have stated on various occasions that their negotiating capacity is practically exhausted. It would appear, therefore, that we have reached a dead end and should try to find methods and procedures different from those used hitherto; such methods and procedures would provide mainly for the progressive removal by the industrial powers of protective duties, excessive internal charges, restrictive and discriminatory measures which are not justified on balance-of-payments grounds, and non-tariff duties, taxes and measures which prevent the less-developed countries from encouraging the industrial conversion of their own primary commodities and the production of semi-manufactured goods.
Committees II and III have made a close study of the position in regard to agricultural exports and primary commodities produced by the developing countries and have made a detailed list of the obstacles raised to such exports by industrialized nations, whether consistent or not with the principles and rules of GATT. The situation has already been described and analysed in the Haberler report, which showed that many of those barriers could be removed without any real harm to the countries maintaining them and to the practical advantage of the countries which suffer thereby. The reports of Committees II and III have emphasized this and have recommended that the governments of industrial countries should adopt specific measures such as would achieve the results recommended in the Haberler report.

The work of research, documentation and analysis done by these Committees, with the inestimable aid of the secretariat, has resulted in the preparation of a series of documents which expound and describe the problem in detail; but the recommendations made have not been put into effect by the industrial nations. That is why, in their Second Note dated 10 November 1960, the relatively less-developed countries stated that the steps taken by a number of industrialized countries to modify or relax their existing quota restrictions were in many cases no more than those which such countries were bound to take in the fulfilment of their normal obligations under the General Agreement, and that the benefits accruing to the less-developed countries from such steps had been insignificant. The note went on to state, somewhat bitterly, that "there has been little or no action specifically directed towards improving the access of exports from the less-developed countries to the markets of the industrialized countries".

Meanwhile, the problems affecting those countries have continued to become more serious and the economic gap which separates them from the industrial countries has widened. This may be seen from some recent figures, taken from GATT documents.

In 1960, exports from the industrial regions to the non-industrialized countries rose by $2,500 million while exports from those countries to the industrial regions increased by only $600 million, leaving a deficit balance of roughly $2,000 million.

Between 1953 and 1959 exports of foodstuffs by the industrialized countries rose by $2,200 million while similar exports by the relatively less-developed countries increased by only $600 million.

Disregarding petroleum, the trade deficit of the non-industrialized countries reached an approximate total of $4,700 million in 1960.

Latin America's share of world trade amounted to 11 per cent of the total value of trade in 1950, but to only 7 per cent in 1960. Over the same period, the unit value of Latin American exports dropped by about 10 per cent.

It should also be noted that, although recently, and in some instances, there has been a favourable development in the volume of raw materials purchased from the developing countries, the average value of those commodities
has shown a contrary tendency. As the representative of the European Economic Community told the Contracting Parties, the price trend on the world commodity market has deprived the developing countries of part of the advantage which they might have gained from the increased volume of sales.

No one who takes an objective view of the overall picture can fail to find a relationship of cause and effect between the numerous forms of protectionism still maintained by the industrial nations, as described in detail in the reports of Committees II and III, and the situation which is reflected in the figures I have just cited.

The time has come, therefore, when the major industrial powers which are contracting parties to the General Agreement, having at their disposal all the necessary documentation - statistics, analyses, computations, findings, exhaustive studies, forecasts - will have to take a realistic decision which can be applied in a positive manner without being paralysed by the internal inconsistencies which, unfortunately, are inherent in the system of free enterprise and can be overcome only by far-sighted, energetic and rapid government action.

It should not be thought, however, that we wish to provoke precipitate action. The less-developed countries are prepared to consider any equitable solution which, as stated in the document submitted to the meeting, contains formal undertakings for the application of effective and adequate measures within a reasonable time.

It must, however, be realized that it would be difficult to find circumstances more favourable than the present ones for taking the decisive measures which the situation demands. The high level of economic activity prevailing in the world offers a unique occasion to the major economic powers, for the relative sacrifices which the measures requested by the developing countries may entail would seem much less and should quickly be absorbed by the growing wave of prosperity and the increased imports which will result from those measures. Consequently, what, at the outset, might seem to be merely action for unilateral aid, will, in practice, prove to be a profitable commercial transaction.

Moreover, by contributing to the economic expansion of the developing countries and, thereby, to the solution of the many and complex problems which it involves, the industrial nations will have performed an act of political foresight which should serve to ensure the peaceful advance of mankind towards new and more equitable forms of co-existence.

That, Mr. Chairman, is what we hope will be achieved through the work of the present ministerial meeting.