Obstacles to the Trade of Less-developed Countries

In the report of Committee III we have before us a series of recommendations in line with the objectives of the General Agreement. We fully endorse these.

We, therefore, also endorse the proposed declaration on promotion of the trade of less-developed countries which the United States have circulated. We have full sympathy with the considerations advanced in the note circulated by a large number of less-developed countries on this subject.

The problem of expanding the trade of less-developed countries remains a major field of endeavour for the Contracting Parties.

The less-developed countries must be reassured, not only that their political and economic circumstances are understood by the highly-developed nations but that these needs do actually affect their commercial policies.

The task of adapting and expanding the trading relations between countries in different stages of development is one of our most difficult problems. We have to create conditions in which countries in the process of development are able to initiate and to sustain the swiftest possible rate of growth.

The importance of trade as well as of aid is now generally accepted.

Though the future prosperity of the primary producers must for some part depend upon the diversification of their economies, many of them must for a long time yet rely upon primary products as a major source of earnings.

The industrialized nations must continue to try to offer expanding markets for the primary products of the less-developed countries and greater export earnings for the producers themselves. They can do this in various ways. By their tariff policy and, of course, by steady and sustained growth in their own economies, they can contribute to the expansion of their earnings. By suitable international arrangements they can also aim to achieve greater stability in commodity prices.

In aid, the British Government are, in one form or another, currently contributing £180 million, as against £150 million last year, to assistance for less-developed countries.

For the primary exports of the less-developed countries, we in Britain generally have either low tariffs or free entry. We have also, over recent years, provided a growing market for their manufactures.
As an illustration of this, British imports of cotton yarns and piece-goods from India and Pakistan more than doubled between 1954 and 1960. In 1960 our imports of cotton goods from India and Pakistan were worth nearly £17 million. In the same year our imports from India and Pakistan of manufactured goods of all kinds were worth over £50 million or nearly 30 per cent of the total of our imports from them.

The expansion of the exports of manufactured goods from the developing countries may involve difficult problems of adjustment in the older industrialized countries.

The less-developed countries have been very ready to recognise and to take account of the acute problems of adjustment which their exports, particularly of manufactured goods, may sometimes create in markets of the more highly-developed countries.

Trade in cotton textiles is one which is of particular importance to countries in the earlier stages of development, as well as to those with old established industries.

We in the United Kingdom have been glad to play a full part in the discussions which have been held here in recent months. We shall continue to co-operate in the work of the Contracting Parties on this problem. This work must of course aim to strike a fair and reasonable balance between the interests of producing and importing countries.

Our policy has long been to afford an open market to the trade of the less-developed countries and our record shows how we have tried to achieve this in the field of cotton textiles.

We have, however, ourselves now reached the point at which nearly 40 per cent of the British market for cotton textiles is met from imports. The bulk of these imports comes from the less-developed countries. We feel that we should not be asked to accept any new commitment in the GATT to do more, at least until others have made a comparable contribution.

We hope, therefore, that other industrialized countries too will keep their markets open and try to get rid of remaining restrictions.

This may involve changes in the pattern of production in the older industrialized countries. We have ourselves had experience of these problems of adjustment. If, however, we all really mean what we say by trade as well as aid, the need for basic adjustments will, I suggest, be something from which none of us can escape.