STATEMENT MADE BY H.E. ANTONIO BALBINO CARVALHO FILHO,
MINISTER FOR INDUSTRY AND TRADE OF BRAZIL
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I firmly believe that the debate on the items on our agenda would be far more objective if we begin by examining the practical results, as far as trade among the contracting parties of GATT is concerned, of suggestions and recommendations made at previous meetings.

It is quite evident that, through the influence of internal and external factors, GATT is being submitted to a comprehensive revision; it is quite evident that it sways to the same winds and gales of reform that blow upon so many other institutions, forcing reformulations, committing them to ponder upon their very original premises; submitted it is, indeed, to the challenges born of the tormented conscience of our time.

In the practical and institutional field of trade among nations it is undeniable that GATT's very structure is being challenged, its operational capacity is being questioned, as well as the basic principles that inspired its original aims, its composition, the social and ethical validity of its objectives, its constructive and negative contributions to international trade, and consequently to economic progress and social welfare.

Doubtlessly - and it is our wish and intention not to forget our debt to the efforts and accomplishments of our predecessors, and specially to those who sat here in the days of November 1961 - doubtlessly this process of critical analysis is being ever increasingly motivated by the growing
dissatisfaction of the underdeveloped; it is a process that takes place in the light of the theses they defend, searching for an answer to them.

I am happy to note that by realizing the atmosphere of dissatisfaction caused by the inadequacy of its institutional framework to solve the many problems that are beyond the limits of its legal competence, GATT seems inclined to fight and overcome its own limitations; that it is willing to abandon realistically the conventionalism to which it was condemned by a vision lacking social amplitude to grasp the interrelations between the overall economic and commercial problems of the contemporary world, more and more interdependent. For all these reasons and so that the measure of the greatness of our task be made clear, I sustain that each and everyone of us has, as an immediate duty, to make an inventory of the practical results of our previous ministerial meetings; we must know the extent to which the expectations created by our predecessors gave rise to concrete initiatives; up to which point the conclusions adopted bore an influence on the effective behaviour of the contracting parties and conditioned their mutual trading attitudes; and in what manner these recommendations and their conclusions contributed to solve the difficulties they have pointed out and sought to untangle. I would fail my duty both to clarity and sincerity if I did not stress that in the opinion of my country's Government the leit-motiv of the meetings dealing with international co-operation in the field of trade has been in the last years a monotonous repetition, however eloquent, of unfilled requests and frustrated hopes. The evergrowing distance between proclaimed purposes and their corresponding actions makes itself clear in the disheartening up-to-dateness of the Declaration concerning the promotion of trade of underdeveloped countries, approved by the Ministers in November of 1961. Not one of its recommendations found adequate implementation. All the problems the Declaration intended to solve, emphasizing the need of urgent action, remain practically at the stage they were at that time. We are compelled to recognize that no substantial progress has been made throughout this one and a half years, in spite of other repeated appeals to modify the conditions that plague the exports and imports of the developing countries, as listed in the Cairo Declaration, in the programme of action at the ensuing plenary meeting of the Contracting Parties, in the special committees of the General Assembly of the United Nations.

The failure on the part of rich countries to exercise their usual sharpness - of which their very prosperity is sufficient evidence - in an effort to understand the dual rôle of trade as regards both developed and underdeveloped nations has dramatically delayed the fulfilment of the recommendations adopted by the Contracting Parties. I dare ask: do the developed countries fear that the measures advised should harm them in the short or in the long run?

I venture that the trade between advanced and less-advanced economies - as now conceived and put to practice - is far more than just an obstacle, for it is in fact a hindrance to the development of the latter. During the period when GATT presided over 80 per cent of the volume of international trade, statistics show a constant relative impoverishment of the underdeveloped countries, as a consequence of the very hazards of their partaking in this
trade; conversely, a humiliating and little inspiring confrontation shows that in the same period prosperity rose to impressive heights in the developed countries. And we all know that in their daring decisions to accelerate still further the process of accumulation of wealth, some of these countries did not hesitate in reformulating to their liking GATT's basic principles, the concept of tariff as a means of economic protection, the customs unions as conducive to the intensification of trade in closed areas that, by definition, amount to the adoption of new discriminations, to the restriction of opportunities of competition, to the sheer abandoning of liberalism and multilateralism, premises of a philosophy and a policy of trade to which the Agreement of 1947 gave substance and effectiveness. If it is true that under the authority of the General Agreement world trade expanded, no one shall deny that the quota of the underdeveloped areas in this increased exchange of goods and services was actually practically nil. Where stagnation was not the rule, continuous regression in relative terms was the case. If the general picture be analysed, we observe that in the eight years that have elapsed since GATT's revision, progress and economic power concentrated in those countries already internally conditioned for development, making it possible for them to maintain and expand their headstart.

According to the data given by the United Nations "Monthly Bulletin of Statistics", between 1956 and 1961 international trade increased from 102.8 to 133 billion dollars. In the same period, trade of free enterprise developed areas increased from 67.6 to 89.8 billion dollars, while that of centrally-planned developed areas climbed from 8.5 to 14.1 billion dollars. Meanwhile, underdeveloped countries - despite constant and sometimes dramatic efforts to augment the quantum of their exports - saw their earnings rise from 24.9 to a mere 27.6 billion dollars.

At the same time, their trade opportunities in the chief component of their exports, namely primary products, were reduced in relative terms.

According to data furnished by a GATT document, the relative weight of primary products in world trade between 1953 and 1960 increased by 33.8 per cent; the participation of developed countries in this trade increased from 45.1 per cent to 53.1 per cent, while that of underdeveloped countries - on which they relied for foreign exchange - decreased from 54.9 per cent to 46.9 per cent.

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1 Average cumulative annual rate of 5.32 per cent.
2 Average cumulative annual rate of 5.83 per cent.
3 Average cumulative annual rate of 10.71 per cent.
4 Average cumulative annual rate of 2.06 per cent.
Thus we lost ground, in terms of global trade opportunities; furthermore, our participation in the specific field of commodity exports decreased.

Our loss of exchange has reached unbearable levels with the progressive deterioration of commodity terms of trade, particularly aggravated in the case of tropical products.

Simultaneously, developed nations have either limited our marketing opportunities for competitive primary products, or have kept to themselves the marginal increase resulting from their natural growth, hardening the very concept of traditional market, in order to make this concept cater to the conveniences of implementation of their allocation programmes of agricultural surpluses. The relative participation of industrial countries in commodity trade having increased, the dependence of underdeveloped countries upon the exportation of non-competitive commodities reached vast proportions. However, these were the very products that suffered the greatest loss in international trade value. While, in the period in question, the general price index of primary products decreased from 100 to 93, non-competitive tropical products fell from 100 to 76. But the gravest and most dramatic feature is that the price deterioration of products exported by underdeveloped countries is one which results from their struggle for development; their need to expand their imports of equipment and to meet financial commitments inherent in the development process, along with the limitation due to similarity of their exports, have led the underdeveloped countries to a ruinous competition of which the sole beneficiary is the consumer of these primary products. And, strangely, one may stress the fact that this very benefit is more apparent than real, in virtue of the fact that, in the medium run, it will entail a reduction of employment and export prospects of developed nations, which is tantamount to an effective recession in world trade. Pressed by the need to import equipment, technique and indispensable services to their development effort, underdeveloped nations, between 1956 and 1961, saw their imports rise by 2.78 per cent yearly, an extremely modest trade if compared with their real investment needs; in the same period exports increased by only 2 per cent. As a result, the negative balance in the trade between underdeveloped and developed countries was, in the same period, of $7.1 billion, i.e., there was an annual deficit of more than $1 billion.

This was the dismal picture on which GATT proved unable to shed some light by the application of the basic principles and criteria of the General Agreement. What has been done, for instance, to check the restrictions on trade opportunities of commodity exporters by protectionist agricultural policies of industrialized countries? What new opportunities have been created in developed countries for the import of manufactures and semi-manufactures that begin to appear in the export list of developing countries? What progress has been made in the creation of compensatory financing mechanisms?

1 According also the United Nations "Monthly Bulletin of Statistics".
Though disheartening the answer to all these questions is one: very little or practically nothing.

What other alternatives do we have before us? A new round of tariff negotiations or overall negotiations of a commercial character, as proposed by the Council? New "waivers"? The establishment of special working parties, or perhaps a request for reports from other specific committees? The uncertain escape valve of a possible less-developed new area of discriminatory trade, which would mean to set the limits of a "fraternity of the needy"? Will these expectations - even if not considered delusive - be enough to change the attitude of doubt and scepticism to which we were led by the experience acquired through the recent record of our negotiations on a multilateral basis? Would it be possible to deny, in view of the dangerous context of the present situation, that it is time for more resolute steps to change an institutional system that has proved so inexorably hostile to the two underdeveloped thirds of mankind?

The proposals and suggestions that I have listed and are part of the documentation of our agenda are, in my Government's opinion, limited in scope. It does not seem to us that they are sufficiently worked out. It is not our intention, however, to detract from their intrinsic merit. No doubt they constitute a positive manifestation of a constructive effort that seeks not only to patch up the eventual cracks in the system, but also a thorough reformulation of the basis and sets of rules of international trade. In the latest documents presented by the three committees some of the fundamental rules of the General Agreement have been put on trial: the so far undisputed validity of the unconditional most-favoured-nation clause was questioned; so were multilateral tariff manipulations, liberal theses, and equality of treatment, with their corollaries of reciprocal concessions. I will only be fair in recognizing the substantial participation of GATT executives in the effort towards its reconstruction and reformulation. The stimulus and technical aid given to the non-conventional activities of Committees II and III were proof of their will and capacity to contribute to the great and new achievement of the future, inasmuch as these activities fostered the revisionist criticism of principles, means and ends. The earnest zeal of international officials will have understood, perhaps even before us, that, in order to survive, the Institution had to adapt itself to a new conception of trade, based upon the idea of economic development. Nor has this zeal hesitated in admitting that this adaptation could be carried out as a rebirth, a dialectical rebirth by means of which the present exceptions were transformed into rules and the present rules into exceptions.

It was not in vain that we, the Contracting Parties, met for so many years under this roof to tackle the problems of international trade. An experience, even one of frustrations, is still a positive experience. Our meetings allowed
for the creation, amidst certain groups, of a conscience of common interests; favored specific solidarities; revealed gaps; exposed inadequacies. It is chiefly this experience we have acquired, that keeps us from thinking nowadays, as we did a score of years ago, that the general expansion of international trade was an end in itself, and tariff reductions its process; it does lead us to consider economic development of all nations as the fundamental and far reaching aim, the overmost social and ethical end, and commerce only one of its instruments.

Here, and in the forum of the United Nations, time has come for us to seek a global outline according to which we shall establish a new structure in world trading, endowed with the inner capabilities of fostering the interests of all countries concerned, developed or developing, for we are convinced that circumstantial solutions will always run the risk of being disregarded. We can no longer delay a general reappraisal of this problem, maximizing the positive elements within our reach, making use of the historical experience we have harvested here in a joint effort directed to enhance the international cooperation in the field of trade; only this systematic and integrated reappraisal shall offer solutions bound to assure the minimum to those who strive towards economic growth and social progress, to inspire the wealthy ones with the certainty that collective prosperity is the best guarantee to keep them living amidst the plentifullness they have already reached.

Brazil's position as to the subject of our agenda items stems from the remarks I have just made.

We believe, Mr. Chairman, that the programmes of action foreseen in the agenda shall constitute, once implemented, one step forward on the true path that will bring together, in the multilateral field, the interests of the highly industrialized countries and those of less-developed nations.

We sincerely hope that the areas of disagreement outlined in the agenda may come to be reduced through our work.

The results of this Ministerial Meeting will undoubtedly have remarkable influence on the broader and more ambitious rostrum of the United Nations Conference on Trade and Development for the success of which GATT, due to its historical experience and according to the purposes that now seem to move its members, may contribute in a decisive way.

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