STATEMENT BY MR. BRASSEUR, BELGIUM,
MINISTER FOR EXTERNAL TRADE AND TECHNICAL ASSISTANCE
AT THE MINISTERIAL MEETING
ON 17 MAY 1963

The remarkable opening speech by our Chairman, Mr. Schaffner, and the statements by Ministers who have spoken before me confirm that the principal need today is for a special effort by the whole community of nations in favour of the developing countries.

The first reason is that present-day technical development should make it possible for us to provide the whole population of the world with a decent standard of living if we decide to tackle the matter reasonably.

Another reason is that such technical development creates a growing measure of solidarity and interdependence among nations. Without the aid and support of the industrial countries, without their material means and their know-how, the developing countries would be condemned to trudge alone along the long and arduous path which Europe has followed from the sixteenth century to our times in order to develop its resources, techniques and manpower. In return, the industrial countries need primary products and raw materials from the whole world in order to maintain the pace of their economic activity.
All of us here agree that the means must be found to eliminate trade barriers and promote the development of broad trade flows. Such an undertaking calls for greater co-operation between industrial countries and less-developed countries. It will be an easy matter to establish this co-operation if we are prepared to recognize the requirements accompanying it.

Let us first take the position of the industrial countries.

1. First of all it must be recognized that their governments are not all-powerful and that their parliaments and citizens have their own opinions and interests. One can adjust them, modify them, or find a compromise with them, but one can neither overlook them nor act absolutely contrary to them.

2. In order to play their full part in the development of the rest of the world it is an obligation for the industrial countries to maintain the pace of their economy. This means, in particular, that they must see to it that their industries are sound. That is why, if they consent to open their markets to general competition which is the necessary incentive for their development, they must prevent any disturbance or impoverishment of their markets caused by abnormal and destructive competition.

3. On the other hand, their contribution to world development already entails - and will do so to an even greater extent in the future - sacrifices for their citizens and requires considerable resources to be made available for meeting the needs of foreign countries. If these efforts are to be accepted by national public opinion, they must first of all serve useful purposes.

It is, therefore necessary to avoid the development in young countries of a host of industries which would not succeed in finding outlets, or the establishment of industries which could not face up to competition on international markets.

As regards the developing countries, however well one can understand their legitimate impatience, there are also certain imperative conditions which must be respected if we wish to achieve success - as, indeed, we all do.

1. The fundamental interest of the developing countries is to promote the division of labour among them, and above all between neighbouring countries. The rational apportionment of tasks is the condition which must be respected if one wishes to create industries firmly established in basic markets which are sufficiently broad so that the undertakings concerned can attain the requisite degree of efficiency and productivity to enable them to participate in multilateral trade on a footing of equality.
2. We must, therefore, resist the temptations of the idea of close economic nationalism which would call for the establishment in the immediate future of the whole range of modern industries on a national basis which would always remain too narrow, even if industrial development were limited to the production of consumer goods only.

3. Our co-operative efforts should, to the fullest extent possible, benefit all the developing countries taken together. We cannot, however, countenance such an attitude, one of friendship towards all, having the effect of harming the interests of the overseas countries towards which the EEC has acknowledged special responsibilities.

4. The development to be sought for the less-developed countries is that which responds to the immediate and urgent needs of the mass of their citizens. One must be careful not to commit the future unduly by planning endeavours which would be disproportionate to assured resources. The question is often one of timing. Certain undertakings will no longer be rash at a more advanced stage of development; but one must take care not to embark on them prematurely.

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I have recalled these principles because I consider that from them we must draw guidelines for discussing the questions now before us.

What are the questions which we should consider?

On the one hand there is the conviction which has been expressed from several quarters that multilateral tariff and trade negotiations should be opened on the broadest possible basis.

On the other hand, there is the programme presented by the developing countries.

It might be thought that the two groups of problems are distinct and unrelated. Seen in this light, multilateral tariff negotiations would be of only academic interest for the less-developed countries. This seems rather a short-sighted view.

If special concessions, in particular in the sector of industrial products, were granted to the less-developed countries, those concessions would have to be of practical value. They would have to afford some real benefit to the developing countries. In precise terms, this means that a tariff concession, even a preferential one, is worthless to a country if its industry is not in a position to export products suitable for the importing markets from the point of view of quality, price, rate and period of delivery.

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A. Co-operation between the industrial countries and the developing countries should aim at the creation of industries which will be able to participate fully in trade. In practice, one can even now distinguish two types of industries in the developing countries:

- those which, as a result of social or other conditions, tend to offer their products at abnormally low prices, so that in a way they are excessively competitive;

- those which are not competitive.

1. Let us look at the first category - these are the industries which, so far, have drawn most attention and have given rise to most controversy.

The most extreme tendencies have come into conflict here. On the one hand, in the importing countries there was a call for competition of this kind to be controlled or even suppressed. On the other hand, it was asserted that in the natural course of evolution the corresponding industry in the importing countries would be totally eclipsed by that of the exporting countries. Clearly, on these bases no satisfactory arrangement can be found. The problem must be considered in a realistic manner.

First of all, it must be recognized that participation in international trade in manufactured products cannot be the exclusive privilege of a small number of industrialized countries.

On the other hand, one must also recognize that as a matter of policy no government can permit established industries at home to be laid open to sudden and irresistible pressures of competition against which it is impossible to fight with normal trading weapons. One must find compromise arrangements and ensure a gradual transition.

The natural reaction of the importing country is to resort to unilateral measures of protection. One must go beyond this stage and seek remedies based on international co-operation. Among such remedies one might perhaps consider instituting compensatory measures which would restore normal price competition and at the same time would ensure an increased return to the exporting countries on their equipment and expansion efforts.

2. The second category of industries - those which run the risk of being non-competitive in world markets - requires special consideration.

In a great many countries, industrial development depends on almost absolute protection. The result is that, in general, the products of these industries cannot compete with producers in industrialized countries either on their domestic market or in world markets. For this reason, such industries are condemned to limited development, whatever their degree of immediate
remunerativeness for the entrepreneurs. Tariff reductions granted by the industrialized countries cannot therefore bring a real advantage, even if they are granted in a preferential manner.

It would be of interest to GATT to see if the development of competitive industries could not be encouraged by establishing in common a new form of support. In this order of ideas the industrial countries would consent to reduce import duties on certain industrial products coming from various developing countries, for a sufficient period to enable the industries in those countries to adapt themselves to conditions of international competition.

In order to encourage the industries enjoying such privileged treatment to make the necessary effort, provision should be made for the progressive relaxation of this preferential system until it disappeared completely after a certain number of years. As a parallel and supplementary measure, the protection which these industries would enjoy on their domestic market - and this protection might be very high or even absolute in the initial stages - should gradually decline to a level which, while affording them a reasonable margin of security, would expose them to international competition as soon as they slackened their efforts to maintain a high level of productivity.

B. In the hypothetical event of industries in the developing countries having attained the requisite degree of intrinsic efficiency to face world competition, their possibilities of access to the markets of industrial countries would still not be assured thereby.

Indeed, industrial efficiency is not always enough if the tariff barriers which an industry must overcome in order to penetrate the foreign market are high. In this case, the industry must be able to grant price concessions in order to offer its goods, after payment of customs duties, at prices comparable to those asked by the domestic industry in the importing country. Such price concessions can be more or less easily borne by exporting industries with an extensive footing in their own domestic markets. They can then sell at higher prices at home to offset the reduced prices which they must apply on their exports. Compensatory action of this kind is beyond the reach of an industry established in a country which offers only a limited domestic market, with low purchasing power.

This is where the full interest becomes apparent of multilateral negotiations aimed at lowering customs duties in the industrial countries and at reducing tariffs as a whole to moderate levels of protection. If these negotiations succeed, there will be extensive markets accessible to efficient industries which the developing countries succeed in establishing at home. This will enable their development to proceed steadily as their industry is diversified.
C. To these two orders of considerations—which I have just examined, I should add in conclusion that the mutual lowering of tariffs between the industrialized countries should lead to a sharp increase in trade among them and consequently to increased economic activity in each of them. This could not fail to have favourable repercussions for the countries producing raw materials, fuel and power which will witness an expansion of the outlets they already have in the industrialized countries for their basic production.

Mr. Chairman, as regards other aspects of the proposals before us, I have not thought it necessary to comment for I can fully support the statements made by Mr. Schaus in the name of the European Economic Community.