I am grateful to you, Mr. Chairman, for reminding us in your opening business-like observations that our first and foremost concern must be to live up to the sense of urgency which is expected from us. I need not remind the conference that we are already in the third year of the development decade. We have read with interest the great amount of work which has been done by various working parties under the aegis of the GATT. Although we are grateful to the devoted band of officials who have brought their knowledge and their industry to bear on our problems we do not find any signs on the horizon which would encourage us to believe that the objectives of the decade will be achieved within the time set for the purpose.

We, the Ministers of the Contracting Parties are meeting in Geneva after eighteen months. In the Declaration which we had adopted when we met last most of the major problems confronting the less-developed countries in the field of trade had been identified. We had hoped that within a reasonable
period of time a real move forward would be made in tackling the problems which had then been identified. I would not wish to say, Mr. Chairman, that there has not been any small move, here and there. A very few quota restrictions have been relaxed and many of my colleagues from the industrialized countries have successfully resisted pressures brought on them by vested interests for erecting new tariff and non-tariff barriers. I was particularly heartened by the statement made by Mr. Erroll, the President of Britain's Board of Trade, this morning. If I heard him correctly, he told us that his Government had no intention of raising any fresh barriers against imports from developing countries. He told us, too, that by and large products of interest to the less-developed countries have been admitted into the United Kingdom without tariff or quota restrictions. I do hope that at the end of our deliberations during this session we will not only be able to lend general support to this concept but it will be possible for us to agree on a concrete, I may repeat Sir, a concrete plan of action with a somewhat firm time-table which has been proposed in Committee III.

I am emphasizing the word action because progress of the last eighteen months has been at best marginal and the overall situation of developing countries today is if anything worse than what it was when we met in 1961. It has given us in the developing world great pleasure to see how rapidly industrialized countries have been able to forge ahead in lowering tariffs on products of more particular interest to them and in developing their mutual trade to a higher and higher level. We of the developing countries are anxious to make our contribution to the further development and expansion of international commerce. With the diversification of our economies, the increase in our population, and the quest for a reasonable standard of living, the developing world provides most interesting possibilities for the expansion of world trade but our capacity to purchase goods and services from the industrialized world is limited not by our capacity to make use of them but by our capacity to pay for them. So far all our efforts to build up our capacity to make larger and larger purchases have foundered on the rock of what you, Mr. Chairman, have chosen to describe as "the very real difficulties which our highly developed partners experience when they are called upon to change economic and financial systems deeply rooted in national tradition and national legislation". It is the hope of my delegation that my colleagues of the industrialized countries who have considerable experience in transforming their own economies will be able to make necessary changes quickly so as to provide suitable openings for industrial products from the less-developed countries through the removal of barriers to the free entry of such goods.
The elements of the problem we are dealing with are now well known. Exports from developing countries have by and large remained stagnant. The terms of trade in primary products have continued to turn against us. In respect of processed and manufactured goods, discriminatory quota restriction and high tariffs have largely remained in tact. There is another persisting anomaly to which I would like to draw attention. There are only a few industrial products and some simple industrial processes which can be expected to make some significant addition to the foreign income of developing countries. But tariffs on these products are even higher than on products which are traded largely amongst industrialized countries themselves. The Dillon round of negotiations yielded lower tariffs for products of interest to industrialized countries. But the picture for under-developed countries remained unchanged. We entered into a long-term arrangement for cotton textiles in the hope that this arrangement would enable us to maintain and expand our earnings from this source while maintaining stability in the markets of industrialized countries. But in actual fact so far as my country is concerned we earn today less from this item than we used to. I believe, Mr. Chairman, the same is the situation with other colleagues from the developing world and the tendency to impose restraints on these exports is, if anything, on the increase. The conclusions reached by the Ministers in 1961 had, as I said earlier, given us great hope. But most of these conclusions remain unimplemented. I am expectantly looking forward to hearing from my colleagues of industrialized countries as to how and when in their judgement we can hope to see these conclusions put into effect.

In order to enable us to come to practical conclusions, an eight-point action programme has been formulated. In my view, Sir, this is a simple and a very modest programme and in considering it we might do well to bear in mind some general points. Firstly, even if the whole of the programme is implemented in full, the limitations on the export capacity of less-developed countries are such that the net increase in imports into industrialized countries and the pressures on their economies will be very small. Secondly, the resulting expansion in the export earnings of developing countries is likely to meet only a part of their minimum requirements of cash resources for financing their programmes of development. Thirdly, whatever additional earnings we are able to secure from larger exports will be spent largely on purchases of goods and equipment from industrialized countries. Fourthly, even where increased imports from less-developed countries lead to pressures in some sectors of industry in highly-developed economies, such pressures can in our view be dealt with in ways which will be advantageous to us as well as to industrialized countries, namely through industrial reorganization. The techniques of economic management - of shifting resources from less-productive and less-progressive sectors to more modern and more advanced sectors of their economy - are now so highly developed that it should not be too difficult to resolve problems of this nature. Fifthly, the actual dependence of industrialized countries on revenues from duties and taxes on products exported
by less-developed countries is small and becoming more and more marginal so that there is no real need for their taxing consumption of these products as a means of raising their revenues. Finally, Mr. Chairman, I would like to share with you and with my other colleagues the thought that modern technology brings so great an advantage to those who are technologically competent that unless countries which are still struggling to industrialize in order to remove poverty are specially assisted, it will be virtually impossible for them to make up the leeway of centuries and make their due contribution to the emerging world.

It is against the background of these considerations that my delegation invites this conference to give consideration to the action programme. In this connexion, India welcomes the Kennedy round of negotiations. This round provides us with a new technique for giving practical effect to our proposals for the reduction of tariffs on products of particular interest to less-developed countries. It will be appreciated, Sir, that this round will cease to have meaning for us if substantial tariff cuts cannot be made on all products of particular interest to us, i.e. to the less-developed countries. The number of such products is in any case small. We attach, therefore, the greatest importance to ensuring that no - I repeat no - product which can help us to increase our export earnings is included in the list of exceptions to the proposed across-the-board cut. It will take some time for the round of negotiations to be completed. But there are some sectors in the field of tariffs which are of interest to less-developed countries and where tariff cuts do not raise special difficulties for major trading countries. We do hope, Sir, that in these fields it would be possible to decide on action in advance of the completion of negotiations.

I would particularly invite attention to paragraph 8 of the action programme. It seems to us that our colleagues in the industrialized countries do not fully appreciate the inherent difficulty which developing countries like India with their high over-head costs, low productivity and somewhat low efficiency in the early stages of industrial production and the limited size of their domestic demand have in competing on equal terms with the more low-cost and efficient production of highly industrialized countries with massive economies of scale, higher productivity and highly efficient management.

Except in a very limited range of items, the benefits of tariff cuts even when they apply equally to our exports and to exports from the industrialized countries will go to the established producers, i.e. the industrialized countries, whose production and marketing methods are more effectively geared to taking advantage of these new possibilities.
We are aware of the doctrinal and other objections which are heard whenever the questions of tariff preferences for exports from developing countries is raised. The GATT allows sweeping departures from the most-favoured-nation rule which enables highly industrialized countries to remove trade barriers between themselves while maintaining high tariff walls on imports from third countries including the developing countries. At the same time, we are told that preferences on exports from less-developed countries which would enable these countries to overcome the initial problems of high costs in their infant industries would distort trading patterns and involve discrimination against other suppliers and, therefore, should not be condoned by the GATT. This is a curious paradox. All our practical experience teaches us and shows us that just as the new industries in developing countries need protection in regard to competition from other suppliers on the domestic market, they cannot hope to compete effectively in the overseas market without some preferential benefits.

It has been suggested to us that the proposal for establishment of preferences on selected products of interest to less-developed countries should be studied by the GATT secretariat before any concrete action can be taken. This is a suggestion which seems to ignore the urgent need for taking action within the framework of the trade negotiations to see that developing countries are given the kind of trading opportunities which alone can enable them to market their semi-processed, processed and manufactured goods. We would strongly urge that the question of setting up a suitable machinery for examining and implementing the idea of tariff preference on selected products of interest to less-developed countries should be entrusted to the Trade Negotiations Committee which we hope will be made responsible for the forthcoming GATT negotiations.

This conference is aware of the need for adequate action to assure to the producer of primary products a fair return. I know the problem is a complex one. I know too that some fitful attempts have been made in the past to tackle it. But unless the factors which inhibit growth and consumption are effectively dealt with, we cannot expect a good solution to emerge. Further, in this field too, it needs to be borne in mind that in areas where production and marketing are not highly organized, it is not possible for producers or for producing countries to take remedial action in isolation. If the standard of living of primary producers is to be raised and if the foreign earnings of producing countries is to be increased in the interest of expansion of international commerce, more comprehensive action than has so far been possible will need to be attempted.

I have ventured to place before the conference some of the ideas which have occurred to my delegation. We are not wedded to these ideas. But what we are clear about is that new ideas and new techniques will be called for if the common objective is to be achieved. In this connexion, it will not be inappropriate for me to invite attention to the widespread sense of dissatisfaction which exists in less-developed countries with the way in which
GATT Members and machinery have so far worked. It is now a fairly general feeling in these countries that the GATT, as it exists and functions today, does not provide an adequate answer for the needs and requirements of the situation.

We in our country are conscious of the valuable work which GATT has done all these years in the field of international trade and we have lent our full support to the functioning of the GATT. I will be less than frank, Sir, if I do not point out that with the growing complexities and fast expanding volume of trade and the problems posed by economies in different stages of development, it becomes necessary for this conference to consider what changes are to be made in the institutional and legal instruments available to trading countries in order that a larger part of the burden of economic development can be met from an expansion in world trade. My country is ready to offer her constructive contribution to the solution of this problem.