SUMMARY OF THE STATEMENT MADE BY MR. V. GISCARD D'ESTAING,
MINISTER OF FINANCE AND ECONOMIC AFFAIRS, FRANCE
ON 17 MAY 1963

During the GATT ministerial meeting taking place at Geneva
Mr. V. Giscard d'Estaing, Minister of Finance and Economic Affairs, made a
statement presenting France's position in regard to the programme of action
presented by the developing countries in order to remedy the inadequacy of
their export earnings. He emphasized that the French Government, realizing
the gravity of the situation, proposed that overall solutions should be drawn
up, covering all aspects of the problem in the direction of increasing
liberalization in the movement of goods and a greater degree of organization
of the conditions of production and trade.

The earnings, stated Mr. V. Giscard d'Estaing, which the developing
countries derive from their exports are insufficient to finance the imports
required for their economic development and in particular for their industr-
ialization programmes. Furthermore, the present manner in which international
trade is organized, which moreover does not always give satisfaction to the
industrial countries themselves, is still less satisfactory from the point of
view of the developing countries on whose trade it frequently has additional
restrictive effects.

The gravity of the situation is therefore beyond doubt. Would the best
solution be total liberalization, in the very near future, of all trade of
interest to the less-developed countries? One might be tempted to say so
after a preliminary examination, but in my view it would not be going to the bottom of the problem to believe that such liberalization is in every case the best and the only remedy to the present situation.

It is very tempting to attribute responsibility for this situation to the various obstacles - tariffs, quotas, internal charges - which the industrial countries apply on the exports of the developing countries. The conclusion drawn by certain countries seems all the more attractive and all the more irresistible when it takes shape in a GATT meeting called for the very purpose of eliminating trade barriers. This has given rise to the proposal before us to settle the problem by granting the broadest possible access, in the most liberal conditions and as rapidly as possible, to exports of the less-developed countries on the markets of other countries.

The broadest possible liberalization of such trade, and in particular trade of interest to the less-developed countries, has been over the past few years, and is still today, one of the constant objectives of the French Government. Thus, we are endeavouring to expand outlets for those countries by increasing progressively, but to an appreciable extent, imports of semi-processed products and manufactured goods produced by them, for we realize that to a great extent they place their hopes in the development of trade in these products. While endeavouring to restore freedom of trade, the French Government is at the same time, and as a parallel measure, pursuing another objective which may be termed organization. In most cases and for most products of the less-developed countries, freedom alone might bring disappointment to those countries and might eventually bring them as many disadvantages as advantages.

So far as exports of primary products are concerned, the elimination of trade barriers does not afford any appreciable remedy either to the unbalanced situation of those markets, or to the instability of prices which are, to our eyes, the real afflictions of the developing countries. In certain cases, freedom of trade might well, on the contrary, provoke intensified competition by producers and a slump in prices - in other words in an overall drop in the export earnings of those countries - unless it was introduced gradually and if the principal markets were not organized.

In order to avoid these consequences, it seems to me essential to place on a general footing the mechanisms designed to guarantee prices and outlets for producers, stabilize conditions of production and trade, reduce price fluctuations, and increase the global earnings of producers. Where such mechanisms already exist, experience has shown that they have contributed appreciably towards increasing the trade earnings of the countries concerned, maintaining their economic activity, improving their standard of living and

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also in many cases towards making possible real trade liberalization. Our task now should be to create new mechanisms and to increase the effectiveness and scope of those which already exist on the regional level, or preferably on the world level.

In short, progress in liberalization and progress in organization should proceed together. If freedom of trade is not based on this necessary discipline it may be feared that it might have salutary effects for some countries to the detriment of a number of others, in other words, that we would be proceeding towards a redistribution of earnings, but not towards the increase in those earnings which is desirable and necessary. In conclusion I wish to recall that the French Government is bound to the governments of African countries and Madagascar in more than one regard. You will appreciate that my Government, as a member of the European Economic Community, examines with particular attention any declaration or undertaking which it might be called upon to give here in GATT, in order to take care that they are consistent with the provisions of the recently renewed convention linking the EEC to a number of associated African States. This complex of links is of political as well as economic significance. Mr. Chairman, Gentlemen, it is in this spirit that we shall examine the draft resolutions which are presented to us.