STATEMENT MADE BY MR. MANUBHAI SHAH,
MINISTER FOR INTERNATIONAL TRADE, INDIA,
ON 18 MAY 1963

Item II: Arrangements for the Reduction or Elimination of Tariffs and other Barriers to Trade and Related Matters

Item III: Measures for Access to Markets for Agricultural and other Primary Products

In compliance with your directions I shall be brief in my remarks on the items before us.

We welcome the Kennedy Round of tariff negotiations which would be of a more sweeping and a fundamental character than we had for many years. This will enable us to work towards a world with diminishing tariff and non-tariff barriers which alone can secure world-wide trade expansion. In particular, we accept broadly the basic principles which the Working Party on Procedures for Tariff Reduction has suggested.

It will be recalled that at the time of the last Meeting of Ministers in November 1961 a reference was made to the need for new techniques for the removal of trade barriers. The proposed negotiations for linear tariff reductions across-the-board would serve as a new technique in the tariff field. There have been offers previously made in the Dillon Round for cuts on a linear basis, but they did not make headway then. With the United States Trade Expansion Act of 1962, the way has been cleared for the United States to participate in negotiations for linear cuts. Although the tariff negotiations MORE
will cover a field of special significance to industrialized countries, we from the less-developed countries are particularly interested in some of the vital aspects of these negotiations which I may enumerate below:

1. In the first place, as has been proposed by the Working Party and accepted by representatives of the industrialized countries, they cannot expect to receive reciprocity in this sphere from the less-developed countries. I hope this will be clearly accepted and linear cuts across-the-board will not be made conditional on reciprocal concessions by developing countries.

2. The second point of interest to us is that the negotiations, products of special interest to the less-developed countries which would help them to increase their export earnings, should not be included in the list of exceptions. I expect that my colleagues will be able to come to a final decision on this point.

Governor Herter stated yesterday that the list of exceptions should be kept small and there should be an overall limit. We agree that this objective should be placed in the forefront by the negotiating parties.

It follows that the procedure for these trade negotiations should be so devised as to provide the developing countries an adequate opportunity for effective consultation on the list of exceptions. The procedure should ensure that unless there is overwhelming justification in the eyes of the Contracting Parties, a product of interest to a developing country is not included in an exception list by an industrialized country. We have full confidence that the Contracting Parties will exercise their judgment in a fair and equitable manner.

In this respect, I may say that besides several semi-processed goods, there are some industrial products which are of vital interest as outlets of our infant industries and it is my firm request that such industrial products from the less-developed countries should receive wider opportunities and larger quantum of exports in the industrialized countries. This could only be done if they are not included in the list of exceptions and quantitative restrictions or restraints are not imposed on them. After all, the total value of the exports of these industrial products from the less-developed countries is very small as compared to the fast expanding voluminous exports of industrial goods by the industrializing countries into the markets offered by the developing countries.

3. Regarding the negotiating machinery, it is true that the proposed negotiations will necessarily take some time. We therefore desire that the Trade Negotiations Committee should be appointed immediately. We are naturally anxious that the less-developed countries are adequately represented both in the working groups or parties and in the Conference itself. Different problems of special interest and special categories, e.g. tropical products, agricultural products and industrial products, etc. could be discussed and decisions processed through appointment of special sub-committees which would report to the main Trade Negotiations Committee.
4. We feel that in order to bring action on these kinds of negotiations, there should be a target timetable that by the end of December 1964 all the major decisions should have been taken and implementation begun. Regarding points of procedure, the Negotiations Committee should settle them as early as possible, so that for different commodities and other aspects of removing non-tariff barriers negotiations can start early.

5. Representatives of the United States and the European Economic Community have referred to different approaches to the system of reduction of tariffs—whether the linear cuts should be on an equal percentage basis or in some other modified form. This is a fit subject which can be discussed in greater detail in the Negotiations Committee. However, we on our part prefer the system of linear cuts as far as possible. We know that there are other points of view on this. We hope that in the interest of the speedy progress in our efforts to develop world trade, it should be possible to evolve compromise solutions.

6. When speaking in Item I of the Agenda, I referred to the suggestion about grant of preferences on selected products of interest to less-developed countries. It is obviously essential that developing countries are given necessary trading opportunities to enable them to market their semi-processed, processed and manufactured goods. This is the only practical suggestion which has been thrown up at the Conference for enabling the developing countries to play a modest part in the international trade in industrial products. I hope their suggestion will not be neglected for leisurely study by the GATT secretariat. Instead, we would press that the idea should be applied to the maximum extent practical by the Trade Negotiations Committee in its effort to evolve the new tariff structure.

7. We fully share the desire of agricultural producers to find larger outlets for their products. We hope that it will be possible for this Conference to make concrete arrangements which will ensure that agricultural exporters are assured stable and growing markets for their goods and stable and reasonable prices are offered to these products.

8. While the tariff cuts will help wider expansion of trade, India would like to emphasize that other non-tariff barriers such as quota restrictions and imposition of high internal duties nullify or retard benefits flowing from tariff reductions. It is therefore our earnest request to this Conference that the Trade Negotiations Committee should be asked to recommend removal of quota restrictions straight away or at least abolish these quota restrictions in a phased programme of three years.

Let me conclude by affirming again our support to the forthcoming round of tariff negotiations. We do hope that the approach of all participating countries will be imaginative and procedural delays or difficulties will not slow down urgent decisions. We must achieve the expansion in world trade which we all desire as quickly as possible so that when we meet in the World Trade Conference early in 1964, we could report some concrete steps which would have been taken as a result of the present deliberations.