STATEMENT MADE BY MR. JAROSLAV KOHOUT,
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ON 20 MAY 1963

Item I: Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development

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

May I be allowed first to add my comment to the questions related to the expansion of trade of the developing countries which I was unhappily unable to make earlier. These issues have an important place in economic considerations of my country. They are viewed as an integral part of the historical challenge to correct in a reasonably short period of time the deformations produced by the era of dependence.

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The Cairo Declaration of uncommitted nations is a most significant document of these exigencies and continues to provide a valuable guidance to the systematic effort of the developing countries. The convocation of the United Nations Conference on Trade and Development was a logical outcome of this endeavour which merged with other urgent needs confronting international trade. GATT is expected to prove how far it is capable of contributing to promote effective international programmes and to influence national policies. The outcome of this contribution of GATT's vitality will largely determine its rôle in the broader endeavour to correct the historical disproportion of economic and social standards.

The Action Programme before us reflects primarily the drive against the well identified barriers which stand in the way of expanding the exports of the developing countries. We would be ready to join this Action Programme along all points relevant to us and we would implement these recommendations in a way that would give them due effect; speaking more specifically, we would provide that these measures be conducive to an increase of imports comparable at least to that achieved in other countries.

In this connexion however we cannot help feeling that the recognized need to change the world pattern of economy and trade is too often contrasted with an apparent effort to preserve old positions and to channel all action into traditional bargaining procedures only. The non-conventional instruments of GATT are as yet far from providing an adequate and satisfactory corrective to that.

That is why we turn our attention to point VIII denominated "Other Action", which tries to provide a certain balance to the apparent inadequacy of the outlined measures. This point should, to our mind, allow to broaden substantially the action aiming at a positive economic policy.

We subscribe to the urgency to frame national economic policies with a view to providing larger outlets for the exports of the developing countries as a basic expedient to their trade problems.

It was recognized on various occasions that the trade policy is largely a derivative from the economic policy and offers a rather narrow space for substantial action. In the trade policy we generally have to deal with a given set of facts which cannot be easily influenced and are bound to provide resistance to any attempts to modify them. It would be therefore most advisable not to limit the action to trade policy only. Attention should be directed to the economic policies of individual countries and to the potentialities implied in their deliberate modifications. Because this is a rapidly changing world and our purposeful action matters a great deal as to whether we shall be able to shape its dynamics to a more rational pattern of international economic relations or whether we shall only retreat step by step to the external pressures.
Our readiness to go along the line of positive economic policy was appropriately recognized within the Council of Mutual Economic Assistance where the principle was accepted that while strengthening the international division of labour among the socialist countries due regard should be paid to the advisability of a world division of labour. Subscribing to this principle we have in mind the need to change the pattern of the world economy and trade in favour of the developing countries. This way the idea of preferences for the developing countries as originally suggested by the delegation of the United Arab Republic might be considered and carried further beyond the scope of tariffs.

We hope to make valid the specific features of our economy which is not wedded by private interests to particular kinds of production and may absorb in a reasonable period of time the shifts which are advisable and necessary. Thus the rational deliberation of our own interests will progressively strengthen and broaden the basis of mutually advantageous trade and of other forms of economic co-operation.

We might be expected to comment on this occasion also on the advisability of expressing better the responsibilities of the Contracting Parties in relation to the trade problems of the developing countries. May I, Sir, point to the fact that the problem has wider implications which justify our brief comment on the subject. The proposal to modify GATT in this point reflects an important new tendency in the world economy where after the war new economic structures emerged both in socialist countries and in countries which entered the way of political independence. The need of a rapid and sustained economic development mobilizing all available resources, has become the overriding interest superimposed to other considerations. This pressing concern did not fit easily to the old concept of a free interplay of market forces.

At this stage we would like to say that any international organization intending to establish an appropriate legal and institutional framework for the developing countries would be obliged to draw conclusions from this new situation. The formulation of objectives of development should be adequately balanced by provisions designed to implement them effectively.

I would like now to pass to the other points of our agenda.

2. Items II and III:

The scope and character of the future negotiations is still rather vague. Nevertheless, the departure from traditional techniques and the very idea of comprehensive trade negotiations covering both the industrial and agricultural field of problems as well as other special interests seem to be a step in the right direction.
The global method of bargaining would bring new non-conventional elements, values and criteria into the play. Thus this method might eventually be appropriate to cover the benefits which accrue to our trading partners from the continuous growth of our imports.

The increasing volume of imports is an inherent feature of our economy. The experience shows that a continuous growth of trade cannot be expected to be produced by measures limited to the sphere of commercial policy only. It is the planned growth of our economy that will continue to create an effective demand for imported goods.

Stressing this positive feature of the comprehensive trade negotiations I would not be frank enough without saying that it remains to be seen whether this new instrument is reflecting a new state of mind more susceptible to interests of all countries to which GATT has not as yet provided an equitable position. Partial concessions and arrangements may usefully bring about an atmosphere of comprehension but can hardly be an alternative for solutions that would recognize that the political and economic pattern of the world has substantially changed and so did the institutions and concepts of what should be the overriding criteria of economic policy. The inadequacies of GATT in this respect justify to our mind the search for wider solutions that would usefully supplement its working practices by other methods.

Permit me now to consider the present efforts towards intensifying international trade in the light of the economic problems of my country. The economy of my country has reached that advanced stage of development when the exigencies of a deeper specialization are becoming increasingly imperative, in order to obtain fully the benefits of modern technology, to keep the rate of economic growth and to obtain the maximum of benefits from the international division of labour.

At present, important structural changes are being effected in the pattern of our economy. The gradual changes will result in a national pattern of economy better suited for an intensive promotion of international trade with all countries of the world. There is a serious effort to establish conditions when our economy might develop with an ever greater regard to the potentialities of the international division of labour and produce new and wider market opportunities for Czechoslovak trading partners.

The machinery of the centrally planned economy offers a suitable instrument to absorb useful external incentives and influences which would materialize in a steady expansion of trade.
We think it opportune that our planners have an increased regard to the aspects of international trade and to the interests of Czechoslovak trading partners whenever they face the decision of whether some kind of goods should be either produced or imported or whether both alternatives should be combined.

We are deeply interested in this development leading to a rational pattern of our economy, deliberately linked to that of other countries. To the extent that these relations will be promoted, stabilized and drawn into the process of development we hope to get additional sources from which to accelerate further our economic growth. We therefore believe that our economic interests may be progressively harmonized to those of our trading partners.

It is evident that such a concept of a deep economic collaboration can be materialized to the extent to which the economic relations among States normalize and the principles of equality and non-discrimination are respected.

These are the values and ideas which for our part might be added to the general effort to increase the flow of trade and which to our mind are relevant to the objectives pursued by the Contracting Parties.

In connexion with these problems my country appreciates the methods of consultative procedures which the Contracting Parties have developed to such a remarkable extent and refinement. We wonder whether this is not a way which deserves further examination and exploitation.

We feel to be able to offer to our trading partners a perspective of an economic policy that will take duly into account their interest that will create increasing market opportunities and will contribute effectively to the common fund of measures aiming at a closer economic interrelation of all countries through the channels of international trade.

We believe that we may better utilize present forms of our co-operation established through the practice of GATT in such a way that they may have an effective share in future programmes and activities of the Contracting Parties.

Against the background of this explanation, our contribution to the ends pursued by the forthcoming negotiations might be summed up as follows:

1. Czechoslovakia's contribution to the expansion of international trade will be implemented through such an economic policy that will ensure to its trading partners a reasonable share in the growth of the Czechoslovak market and will produce the growth of their exports at least comparable to that achieved by other methods.
2. Deliberately creating market opportunities for its trading partners, Czechoslovakia will pay primarily regard to such purposeful adjustment of its economy that would gradually expand the volume and range of exports of the developing countries.

3. The increased export earnings will be used in substance for an increase of Czechoslovak imports.

4. Czechoslovakia is ready to hold negotiations with its trading partners with a view to:

(a) offer opportunities to contracting parties to consult on the realization of assumed obligation and on the remedy of possible shortcomings;

(b) offer opportunities to contracting parties for asserting their views and ideas concerning Czechoslovak economic considerations related to the development of mutual exchange of goods and services.

5. Czechoslovakia will be ready to participate in the tariff cuts to be agreed in the negotiations and to make them instrumental in conditions of its trading system.

Taking the specific position of my country, my suggestions are a certain generalization of what originated from our participation in GATT as an acceptable modus vivendi, what proved to be many times a practical instrument of mutual intercourse with other contracting parties and that left the door open for further mutual influencing and for the development of useful habits and rules of behaviour. We believe that this is a good concept which should be continued and we feel it might be a source of mutual benefits and experience.

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