Opening of the Kennedy Round

STATEMENT MADE BY H.E. MR. K.B. LALL, AMBASSADOR OF INDIA FOR ECONOMIC AFFAIRS IN WESTERN EUROPE ON 5 MAY 1964

I feel greatly privileged to have this opportunity to address this distinguished assembly on behalf of India - a country wherein one-seventh of the human race resides today. It was not so very long ago that our ancestors enjoyed levels of living comparable to those then obtaining in other parts of the world; but today the vast majority of our 450 million people live under material conditions the like of which cannot even be visualized in this part of the world. While, after twelve years of concentrated effort, our average national income has risen to $70 per caput, the consumption expenditure of the lowest three-tenths of the population is estimated at only $42 per person per annum.

My country has a great stake in the round of negotiations which we have met here to inaugurate. On this occasion, our thoughts naturally turn to Mr. John Fitzgerald Kennedy, the illustrious President of the United States. It is in response to his bold initiative that we have gathered together to concert measures to achieve ever increasing prosperity through the liberalization of international trade. Please permit me to join other distinguished delegates in paying homage to his memory.

Prosperity, as President Kennedy realized, is truly indivisible. If we succeed in increasing the wealth of the wealthy nations, we shall have succeeded in augmenting the resources available to the international community for its onslaught on poverty. If, however, the poorer nations fail to break through the vicious circle of poverty and stagnation, the world community cannot but suffer in consequence.
Since 1950 my country has been engaged in a planned endeavour to transform its economy and our people have not flinched from the sacrifices which this effort has required of them. We are grateful to the friendly nations of the world who have generously and readily offered to share our burden. It is, however, our earnest wish to be in a position, as soon as practicable, to find from our production and from our exports the external resources needed for our further development and progress. It is in this spirit that we come to this meeting, and we look forward to the forthcoming negotiations to make it possible for us to trade on terms and conditions that will increase our foreign income and thus help to diminish our dependence on financial assistance from abroad.

My country has not chosen to follow an autarchic form of economic development. Instead, we have opted for a trade creating and trade stimulating pattern of growth. We have subscribed to the General Agreement on Tariffs and Trade from its very inception. We have taken part in almost all tariff negotiations and made whatever contribution we could to the orderly development of world trade. We have faithfully discharged our obligations under this Agreement. But we find that some of our trading partners have been unable to accord adequate trading opportunities to our products. Our share in the expansion of world exports has, in consequence, progressively declined.

I will not weary you, Sir, with details, but I would seek your permission to remind the distinguished delegates that the benefit of tariff bindings on some of our products, bought, over a decade ago, at a high cost, has been impaired by the continued imposition of discriminatory restrictions. Some products, of which we are major suppliers, have continued to suffer from discriminatory disadvantages: at first the liberalization of trade in Western Europe was confined to the members of the OEEC and now we find ourselves excluded from the benefits of the tariff cuts which have been exchanged amongst the Six and amongst the Seven. We found our experience of the Dillon Round of negotiations so disappointing that we had to withdraw from it half way.

We now take comfort from the fact that old procedures of tariff negotiations are sought to be replaced by more modern techniques. The Trade Negotiations Committee has not yet been able to find the time to discuss in detail the application of these techniques to the trading problems of developing countries. Broad conclusions have nevertheless been reached, and, it is to be hoped that from now on it will be possible to consider problems of special concern to countries like mine, as also their solutions, in depth. In this connexion, I venture to invite the attention of distinguished delegates to an obvious fact, which, happily, is widely recognized. Developing countries can expect to benefit from the ground rules proposed by the Committee for the general round of negotiations only if industrialized countries refrain from invoking procedures for exceptions and disparities in the case of products of interest to poorer nations. May I urge that such exceptions will only serve to give a further
lease of life to the discrimination we have been complaining about? May I take this opportunity to plead with this meeting to take steps to ensure that benefits that flow from linear cuts are not withheld from us? My delegation earnestly hopes that when we review the offer lists on 10 September we shall have no cause to complain.

In fact, our case for deeper cuts still remains to be examined. The Trade Negotiations Committee has, however, agreed that deeper cut in, or even complete elimination of, tariffs on products of special interest to less-developed countries is not excluded from the scope of our negotiations. We have been gratified to hear that delegations from industrialized countries were prepared to consider the possibility of such deeper cuts. We have still to identify these products and to agree upon procedures for negotiation. It is for the consideration of distinguished delegates whether having regard to the urgency of our needs and the very narrow sector in which we are interested, the Committee should not accord a high priority to this aspect of its work.

It is possible that when these issues are tackled with sympathy and understanding, delegations from industrialized countries may wish to seek a broadening of their own authority and to recommend a wider application of the kind of initiatives which, my delegation acknowledges with thanks, have been taken, in advance of the completion of these negotiations, by some governments to suspend or eliminate duties that bear heavily on our products.

It has been our experience that pre-conceived, or shall I say misconceived, notions regarding so-called market disruption or regarding the assumed impact of low wages on export prices have constituted a formidable barrier to an objective consideration of the policy to be applied to imports of manufactures from industrializing countries. In an attempt to place this problem in its proper perspective, may I, Sir, invite this meeting to reflect upon the dislocation which daily arises, in the economies of industrialized countries themselves, from the rapidity of technological and scientific advance? Such dislocation, however, has long been recognized as incidental to the process of transformation and modernization. We are now familiar with the techniques which have been evolved at the national and community level, to resolve transitory difficulties of adjustment and adaptation. Could these techniques, I ask, not be relied upon to resolve such difficulties as may stem from the transformation of the world economy as a whole?

The objection based on low wages in under-developed countries has been overworked. The wage content of the price at which an industrial product is traded, is low in relation to technology that goes into it. In an industrializing country the pressure for improvement in wage levels and the cost of social charges more than offset slow increases in productivity. Further, the pull of home demand
reduces surpluses for export and pushes export prices upwards and not downwards. In the circumstances, what is required is not discrimination against, but discrimination in favour of, products originating from industrializing countries. Tariff cuts equally applied to imports provide theoretically equality of treatment for all trading nations; but in practice equality of trading opportunities is effectively denied to developing economies.

My delegation takes this opportunity to plead with distinguished colleagues from industrialized countries to consider the case for preferential treatment of industrial exports from developing countries on its merits and not to be deflected from what needs to be done by concerns which, in our judgement, are illusory. The Trade Negotiations Committee has agreed to revert to this question as soon as the results of the study by the group appointed by Ministers at their last meeting are available. My delegation is conscious of the fact that in consequence of linear cuts our trading opportunities would be reduced in one major industrialized country and, I am sure, my distinguished colleagues would not ask us to accept this sacrifice, the benefit of which would largely flow to other industrialized countries, without, at the same time providing for us substantially larger trading opportunities in other industrialized countries. I would urge my distinguished colleagues to instruct the Tariff Negotiations Committee to formulate ground rules for the adoption of preferential tariffs in favour of developing countries.

The Trade Negotiations Committee has not yet completed its study on matters pertaining to agriculture and to non-tariff barriers. My country is particularly interested in the dismantling of barriers to trade in agricultural products of which we are substantial producers and which are not so important to domestic producers in the advanced economies. It is to be hoped that it will be possible to pursue liberal commercial policies in this limited field. The multiplicity of non-tariff barriers has created insoluble difficulties for our exports. Some of these barriers are known while others need to be investigated and identified. My delegation requests that this work may be undertaken on a basis of priority, and trusts that action to remove barriers so identified shall not be long delayed.

We propose to participate in the forthcoming negotiations to the limit of our technical capacity. We are happy to sit round the same negotiations table with our trading partners. But we cannot be blind to the inadequacy of our resources and to the facts of our economic situation. Our contribution to the success of these negotiations must inevitably be conditioned by the economic circumstances in which we find ourselves. We are, therefore, in no position to offer tariff cuts for the consideration of our trading partners. The level of duty on the greater part of our imports is already low and the availability of foreign exchange limits the volume of our imports. The best contribution we can make to the expansion of international trade is to concentrate on efforts to increase our foreign income and thus build up our import capacity. My government stands ready to examine and adopt all practical proposals that may be made to this end.

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