Opening of the Kennedy Round

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This is a decisive year for the structure of international trade. A variety of needs, originating in all the major sectors of the world, point to the urgent necessity for a revision. Each sector makes its own interests a truth, and each truth reflects a legitimate position of a single, complete and changing universal reality.

One common purpose must be brought out. It is to attain the full and harmonious utilization of human, natural and technical resources in order to create new opportunities of work and well-being, for individuals as well as for countries.

It falls to Geneva to play host almost simultaneously to two expressions - which are at the same time channels - of this general concern: the United Nations Conference on Trade and Development and the Kennedy Round of trade negotiations. Another important fact is the desire to reform GATT this year.

The Conference is called upon to determine in greater scope and depth the relationship between trade and development, and at the same time to engender a firm political resolve for prompt and detailed attention to be given to that relationship. The Kennedy Round affords an opportunity to consider the undoubtedly vital interests of the developing countries.

Argentina firmly believes that it is both necessary and possible to combine these two expressions. In this constructive spirit, our country is attending this meeting with great interest and in great hopes, and we are anxious for its success.
We are confident that in GATT and in the Kennedy Round account will be taken of the objectives and principles which emerge from the Trade and Development Conference, in order to apply them in an effective and practical manner. On the one hand, it would be unwise to overlook the fact that twice as many countries are represented in the Conference as in GATT, and that logically it is desirable and possible that countries which are not yet members may join or become associated in some way with this organization. And on the other hand, it would not be rational, while trying to ensure the better utilization of available resources, which is our basic objective, to fail to prevent duplication between our executive bodies.

In accordance with the essential concepts of our economic system, we believe in the value of private enterprise, in the market economy, and in trade liberalization. We cannot, however, ignore our own conclusive experience and that of others, that because of either temporary needs or the requirements of a particular sector or sectors, we may be obliged to resort to corrective measures when the system is disrupted. Such disruption of the system often renders it inoperative or contradictory or, more serious still, inequitable. In our view therefore, there must be economic planning, consultation between interested parties and international solidarity.

Economic planning has become an essential instrument of modern economy. It originated in other latitudes but is already rooted in the countries which are the champions of liberalism. Even the great private undertakings do not hesitate to apply it for their most effective development and the best present-day example of economic success is that of the Marshall Plan and, subsequently, the programme implicit in the Rome Treaty.

Such consultation has had an undeniably positive result in this forum which GATT represents, and invaluable experience has been acquired which it would be senseless to interrupt. Within the GATT thorough analyses are made of the infinite particularities which characterize international trade as both a living and concrete thing.

It is an unquestioned reality that within the national framework the interdependence of facts has made it necessary to regulate human relationships through social solidarity. The time has now come as well to recognize that the consequences which international interdependence bear in this world, which is rapidly becoming unified and smaller every day, cannot be surmounted without turning to higher principles of international solidarity. This is not only a moral imperative but also a political need and a highly obvious economic benefit in general.
We are expressing these concepts which explain our position before and in the negotiations which are opening formally today to support the claims which we have been putting forward for years in all the international forums.

We feel that the formation of regional groups for the economic advancement of the countries which are members of them, constitutes a natural and appropriate process, a suitable step towards a better achievement of the essential goal of mobilizing resources and raising standards of living. But we are convinced that, no matter how respectable the political goals which may determine them, they should be placed before the higher goal of fostering intense and fruitful economic co-operation between all the countries of the world as the indispensable objective for the strengthening of social and international peace.

We feel that logically, the indirect benefits which the developing countries derive from the expansion of trade among the industrialized countries should be substantial. Nonetheless, we obviously consider that at the present time such benefits are totally insufficient to serve as a basis for the overall development of many countries.

That was why we endorsed the basic principles laid down by the Ministers in May 1963, principles which we consider to be wisely conceived in order to achieve, through the liberalization of trade and the fair participation in this trade by the developing countries, a meaningful expansion of trade and a growing utilization of available resources.

The Programme of Action, the idea concerning the granting of preferences, as well as the institutional reshaping of GATT are an eloquent demonstration that the concern of the developing countries was heeded and understood and that it is these countries which unquestionably should be, proportionally, the most favoured in this confrontation.

Nonetheless, in the year which has gone by we are forced to recognize that little progress has been made in preparing the way so that the magnificent idea of President Kennedy could take on positive meaning for the less-developed countries.

In view of the special pattern of its production and foreign trade, which is dependent fundamentally on the export of primary products to a small number of markets, the Argentine Republic does not believe that it can obtain significant advantages through general customs reductions. That is why we feel that so far as tariffs are concerned, appropriate arrangements must be made which are of real and direct interest to the developing countries through:

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(a) greater or special preferential reductions;

(b) reductions of more than 50 per cent or complete removal of duties on products and articles exported by less-developed countries;

(c) inclusion in the general negotiating rules of products which are of interest to the less-developed countries;

(d) reduction of the protection to primary processing industries.

It is fundamental for us that agriculture shall receive in the negotiations treatment capable of enabling it to participate practically to the same extent as industrial products in the programme of liberalization of trade. This requires very positive action because we are faced with highly protectionist national or regional policies which are frequently in violation of the General Agreement itself. It is therefore necessary for the negotiations to provide concrete solutions whose effects may be fully measured. We could not accept any vague formula designed to consolidate factual situations which deeply affect us.

Our participation in the multilateral negotiations aimed at improving the access of cereals and meats on the world markets should not be interpreted as an abandonment on our part of those principles, nor as an acceptance by us of the present situation as an accomplished fact. It is just that we are realists and we will not oppose the establishment, provisional of course, of an appropriate order of things, provided that we do not depart from the fundamental objective of freedom of access, in other words which would act as a means and never as an end.

In the reports submitted to us by the Cereals and Meat Groups as well as in the proposals coming from the Committee on Agriculture the position of our Government in this field is quite clear. This position, Mr. Chairman, has already been manifested individually and also as a collective expression of the exporting countries and has even been assumed many times by major importers.

Likewise, with respect to manufactured and semi-manufactured products, it is urgent to lay down a system of general and non-discriminatory preferences in favour of the developing countries.

Concerning non-tariff barriers, which are particularly numerous in the field of agriculture, we repeat the need for them to be the subject of negotiations based either on special rules or on the general rule. Of course we are referring to those barriers which are accepted under the rules of GATT. We also believe that the normal procedure for these negotiations should be on a multilateral basis with the exception of those very special cases which should be specified in advance.
In May 1963 the Ministers agreed that the principle of reciprocity would not be invoked to evaluate the participation of less-developed countries in these negotiations. Once such a fundamental agreement was established, it was logical to expect that this Trade Negotiations Committee would lay down rules which would generally cover this case or, failing such rules, would take into account the specific declarations of less-developed countries concerning their possibilities of making some kind of offer.

Unfortunately, and for reasons completely beyond the control of the developing countries, we find that even today, on the opening date of these ambitious negotiations, we do not have the elements to evaluate accurately how the interests of this group of nations will be affected.

Without these elements it would be very difficult for us to assume any commitment at the moment. Our general attitude is positive, although for the time being necessarily one of wait-and-see. Nonetheless, we wish to state clearly that our economic structure and our great developmental needs fully preclude the possibility of offering concessions according to the linear method and of making significant offers in the field of tariffs.

Mr. Chairman, the Kennedy Round must not fail. Not only is the prestige of our economic system at stake, but even its future may be involved.

Let us set our negotiating sights not at any static equilibrium. Let us visualize a dynamic equilibrium aimed at the future.

We are not looking for miracles. We are nonetheless, convinced that with a reasonable programme and in due time the structures of the developing countries as well as those of the industrialized countries can be the object of a process of readjustment with prejudice to none and to the good of all.

It is in this sense that we wish to stress our great interest in the results of the negotiations which are starting today.

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