Opening of the Kennedy Round

STATEMENT MADE BY H.E. MR. LOKIONG HAKIM, AMBASSADOR OF INDONESIA TO THE FEDERAL REPUBLIC OF GERMANY ON 5 MAY 1964

It is the sincere hope of the Indonesian delegation that the GATT Kennedy Round of tariff negotiations will be successful.

We foster this hope, because we expect that these negotiations, conducted along new lines of thought, will result not only in an expansion of trade among the developed countries, but will benefit largely also the trade and the development of the developing countries.

It was the late President John F. Kennedy who took the far-sighted initiative to these negotiations. It will be the best tribute to his memory if the forthcoming negotiations benefit the developed and the developing countries alike.

The plea of the developing countries is an urgent one as has been analyzed in another forum, it is essential that a new pattern of world trade will emerge and that new ways of financing will be found to halt this process by which the richer countries on the one hand and the poorer countries on the other are falling ever more apart.

Seen in this wider frame, the forthcoming tariff negotiations have a limited scope, but even so, they can be of very great importance in the removal of trade barriers of all kinds. Actually, the lowering of tariff and the removal of trade barriers are crucial elements in the process of freeing the developing countries from their present awkward situation.

I have expressed the hopes of my delegation for the good success of the negotiations. I should be less than frank if I did not add that we also have our serious doubts.

These doubts concern in the first place the aim of the negotiations, which may be viewed by different negotiators in a different way.
As my delegation sees it, the primary target of the negotiations is the lowering of tariffs, and by this, the expansion of trade in the industrial and agricultural sectors of the three chief participants in the negotiations, the United States, the European Economic Community and the United Kingdom. In other words the first and foremost target of the negotiations is the strengthening of what has been called the Atlantic Alliance.

The Atlantic Alliance however, is a political concept in which the developing countries have no part.

Fortunately, the Trade Expansion Act reached further than the Atlantic Alliance by opening wider possibilities to the developing countries for the entry of their products to the American market. More important still, President Kennedy had the interests of the developing countries very much in mind.

However, since the Trade Expansion Act was passed by Congress in 1962, much has happened, and at this moment we, the developing countries are wondering what turn the negotiations will take. Will the political, specifically western interests prevail, or will there be the needed broadmindedness and foresight to pay equal attention to the pressing needs of the developing countries?

Our uncertainty has not been lessened by our recent experiences in GATT.

It was in 1962 that the developing countries, frustrated by the lack of real interest on the part of developed countries in solving the problems of the less-developed part of the world, formulated their Programme of Action. Next year, in 1963, the ministerial meeting of GATT, although highly preoccupied by the preparations of the Kennedy Round, decided on a follow-up, in the form of the Action Committee. However, as mentioned recently in a statement of the Chairman of the Action Committee, the gap between intent and performance is still wide.

Indonesia has always participated in the work of GATT to the best of its ability. It has co-operated closely with the developed countries in the framework of GATT, because we trusted that ultimately GATT would reform itself, in such a way that due regard would be paid to the urgent need for the expansion of trade of the developing countries. Unfortunately, we are not able yet to show our people at home any striking results.

Beside the little progress made in GATT, from the point of view of the developing countries, the problem of tariff barriers has been aggravated recently by the coming into force of the external tariffs of the European Common Market. I may quote here one example of particular interest to Indonesia, namely palm oil from third countries. Palm oil could enter most West European countries until recently at a sure tariff. All palm oil from third countries, that is countries with the EEC will soon be subject to a tariff of not less than 9 per cent, while the same product from the associated States will enjoy a zero tariff. It is obvious that discriminating practices like this are highly damaging to the economics of many developing countries.
It is for the reasons just mentioned that our attitude towards GATT, and also towards the intentions of the EEC, has become increasingly sceptical.

The Trade Negotiations Committee has brought forward a draft decision on the negotiating rules. The rules of the negotiating of tariffs (A) and agriculture (B) are taking the lions share.

I should like to stress however, that the other items mentioned in the rules, particularly the non-tariff barriers, are of equal, if not greater importance to the developing countries. We very much hope that these items will not become the step-children of the agenda.

There is a special item, not mentioned yet in the negotiating rules, but of great interest to the developing countries, which will undoubtedly come up for discussion, namely the case for preferential treatment of agricultural and industrial exports from developing countries. It is obvious that the exports from the developing countries, in terms of trade, are losing more and more ground in relation to the exports from developed countries. This is one of the main reasons why the trade gap between the developed countries and the developing countries is growing wider and wider.

As things stand at present, the exports of developing countries are facing tariff walls as well as non-tariff barriers. It is the considered opinion of my delegation that this position must be reversed fundamentally. Instead of meeting obstructions in their way of expanding trade, the exports of developing countries should be given preferential treatment at their entry in the markets of the developed countries.

My delegation very much hopes that the Trade Negotiations Committee will find the right way to indicate how to solve this problem.

Finally, I may express the hope that the result of the negotiations will bear proof that GATT is not an instrument of the past, but can be revitalized by new ideas to serve the interests of the developing countries as usefully as it has served the interests of the developed countries in the past.

For this we will need a real break-through. But this can only materialize when we look at wider horizons and when the developed countries will have the political will to achieve this break-through, equally important to the developing countries as it is to themselves.