Statement by Mr. Eric Wyndham White, Director-General of GATT,
at the meeting of the Trade Negotiations Committee
at Geneva on 30 June 1967

It is now nearly twenty years ago that here in this same Assembly Hall the
original contracting parties set their signature to the General Agreement on
Tariffs and Trade. The event did not attract much attention. It was nevertheless
momentous. It set in motion - and on a scale hitherto unseen - the process of
tariff disarmament which has reached its apogee in the negotiations which we are
today formally concluding. The tariff reductions agreed upon in the 1947
negotiations were substantial and far-reaching, but perhaps their greatest
significance and importance were the extensive reduction in the tariffs of the
United States. All the more so in that whilst almost all other markets were
severely restricted by import controls, there were, except for a few limited
number of agricultural products, no restrictions in the United States market
other than the customs tariff. Thus when productive facilities in Europe were
restored after a period of reconstruction, European industries were able rapidly
to increase their exports to the rich North American market and overcome the dollar
gap which many had considered an almost ineradicable problem. This manifestation
of what it was then fashionable to call - although it is now less so - a good
creditor policy also proved a good investment for the United States.

Looking beyond these specific aspects of the 1947 negotiations their general
and long-term significance was that they marked the determination of the principal trading
nations to work together to restore - or rather to create - a multilateral,
non-discriminatory world trading system. Despite the sceptics this effort was to
succeed beyond, perhaps, even the expectations at that time of its promoters. The
provisional and makeshift arrangement - the GATT - which was to have been absorbed
by the International Trade Organization - was to become the central framework for

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international trade co-operation. It provides the legal framework for world trade in the form of a code of rights and obligations, as well as the specific tariff commitments agreed upon in a series of tariff conferences. It provides a mechanism for consultation and for settlement of differences, as well as the basis for progressively broadening the scope of international co-operation in commercial policy. It provides the essential institutional framework for the complex international relationships of trade.

We are gathered here today to set our signature to the results of the most far-reaching international trade negotiation of all times. May I briefly summarize the results.

The industrialized countries participating in the Kennedy Round made duty reductions on 70 per cent of their dutiable imports, excluding cereals, meat and dairy products. Moreover, two thirds of these cuts were of 50 per cent or more. Around another fifth were between 25 and 50 per cent. Of the total dutiable imports on which no tariff cuts have been negotiated (31 per cent of the total), one third are subject to duties of 5 per cent ad valorem or less. All this can be stated in another way. Of the imports by the participating industrialized countries (other than cereals, meat and dairy products) 56 per cent are either duty-free or are to be subject to cuts of 50 per cent or more; on another 15 per cent there are to be cuts of less than 50 per cent and 19 per cent remain unaffected. As for cereals, meat and dairy products, the aim, as you know, was the negotiation of general arrangements. In the case of cereals, agreement relating to prices and food aid has been reached. Some bilateral agreements have been concluded on meat. Very little has been obtained in the negotiations on dairy products. On scores of other agricultural products, significant duty reductions were made.

The duty reductions affected various sectors differently, being most extensive in the field of chemicals, pulp and paper, machinery, transport equipment and precision instruments, raw materials other than fuels and agricultural raw materials, base metals and miscellaneous manufactures. Both the depth of cuts and the range of items affected were below the average in the case of agricultural products, textiles and clothing, iron and steel, tropical products and fuels.

In addition to these tariff cuts, agreements were also reached on chemical products and on anti-dumping policies which will contribute in an important way to the reduction of non-tariff barriers to trade.
The results of the Kennedy Round for the developing countries are less impressive. If the appraisal is made on the basis of those products which were designated by the developing countries as of interest to them, a list which, quite properly, included both goods presently exported and those of potential export interest, the results are, in general, as favourable as the overall results just cited. This should be no cause for surprise, because the developing countries regard as of potential interest to them a range and variety of goods very similar to the range and variety of goods traded among the developed countries. If, however, one bases an appraisal on the goods for which the developing countries presently have significant exports, the results show that of their manufactured exports subjected to duties, some 51 per cent will benefit from tariff cuts by the industrialized countries of 50 per cent or more, and some 25 per cent by tariff cuts of less than 50 per cent. We have not yet been able to complete our calculation of the results for the developing countries with respect to their agricultural exports but it is known that, as for farm products generally, the results were not impressive.

Despite their limitations - and we must recognize that there were failures in some cases - these results are impressive and will I hope, especially if shortly followed by improvements in the international monetary framework, provide the basis for continued steady expansion of international trade.

But the success of the negotiations may also, I hope, be construed as a reaffirmation of support by governments for the world-wide multilateral trading system of which GATT is the symbol and the expression. Some observers have recently seen a threat to this system from the appearance of powerful regional, economic groupings. In fact, however, and our meeting here today is eloquent proof of this, never has the momentum of world-wide trade liberalization been so marked, and it is reasonable to say that the formation of large economic groupings has provided stimulus to the movement toward this liberalization.

It is for this reason that it is appropriate today that, whilst recording with satisfaction what we have achieved in these last few years, we should also be looking ahead. In the course of the Kennedy Round we have learned a great deal. To some problems we have only been able to bring partial solution. But the discussion and analysis of these questions in detailed negotiation has more clearly revealed their basic characteristics and suggested the lines along which more radical solutions should be sought. Much has been said and more will be said of the limitations of the results in the field of agriculture. These results should not be underestimated and are certainly greater than anything that has gone before. But perhaps more importantly this difficult sector of economic activity is clearly now within the field of international negotiation and it can no longer be doubted that these negotiations must go beyond tariffs and other
commercial devices and embrace all aspects of national policies, production, prices, and supports. This is an area in which the GATT has great possibilities and opportunities in the future. In the negotiations we also made a valuable beginning in limiting the restrictive effects of non-tariff barriers to trade. Again this is only a beginning and the question increases in importance with the reduction of tariff barriers. In passing, I would note that differences in tariff nomenclature give rise to difficulties in the negotiations and clearly demonstrate the desirability of those who have not done so adopting the Brussels Nomenclature. While there was some progress in the negotiations on problems connected with valuation for customs purposes, other difficulties remain in this area and we should consider setting up machinery within the GATT to deal more effectively with them. Finally, in certain major sectors of modern industry we have now achieved such modest rates of tariff protection that the question arises whether, by working together on new and broader measures of international negotiation and co-operation, including the new elements resulting from technological advances, we cannot remove the various structural obstacles that may still obstruct the path to free trade.

We have made a significant advance in dealing with trade relationships between countries with different economic systems, through the agreement on the terms of accession of Poland to the General Agreement.

I now come to the trade problems of the less-developed countries. This is an area in which GATT has been a pioneer, and I am particularly glad that the importance of this problem has now been universally recognized internationally through the establishment of UNCTAD with which we in the GATT are developing an increasingly close partnership. The GATT secretariat will certainly regard as one of its most important tasks in the next few months to contribute what it can to assisting in the preparation of the Second UNCTAD Conference in New Delhi.

In the meantime, it will be our urgent task in the competent organs of GATT to analyze in depth the contribution which the Kennedy Round has made to alleviating the trade problems of the less-developed countries, to assess what remains to be done, to complete unfinished tasks, and to initiate as soon as possible early positive action within the scope and possibilities of the organization.

From the data we have at hand, it is clear that the less-developed countries will derive substantial advantages from the Kennedy Round, and equally clear that all their legitimate desires and aspirations are not fully achieved. Those—and there are many—which are heavily dependent upon exports of agricultural products suffer from the general modicity of the results in the agricultural
field. We failed to achieve free trade for tropical products, though here the major, if not the only, problem is the difficult one of reconciling the desire of some for larger markets in all developed countries with the reluctance of beneficiaries of existing preferences to surrender these in exchange for free and open competition on open markets. It is also significant - and regrettable - that in a major area of manufactures where some less-developed countries have a clear competitive advantage - and despite their concurrence in the extension of the Cotton Textiles Arrangement - tariff reductions fall far short of the 50 per cent target and in some important cases are only granted conditionally.

On looking ahead, however, a large place will have to be found in the future programme of GATT - in partnership with the other international organizations - for a determined and concerted attack on the formidable obstacles which lie in the path of the less-developed countries in their struggle for the economic advancement of their peoples. This is not their problem alone, it is a clear responsibility for the international community as a whole.

I will conclude on a mixed tone of optimism and caution. The General Agreement of 1967 extends and consolidates the impressive achievements of twenty years of international trade co-operation. It points the way ahead to further achievement. At the same time the structure is fragile and constantly subject to attack. So far it has not been tested by periods of economic stress and recession. We cannot confidently say whether it would take the strain. If national economic policies are managed without sufficient awareness of the economic interdependence of nations, there is always the risk that governments may feel impelled to revert to policies of external restriction. The happily brief episode of the United Kingdom surcharge is warning of what could happen. In recent days too, we have seen carefully negotiated agreements - of vital interest to the parties concerned - frustrated by powerful sectoral pressures. In the course of the negotiations we have also seen a great economic power withhold from negotiation a whole sector of production - alas again in the field of agriculture - even though this action frustrated any hope of co-operative action by other participants to develop more liberal policies. The price of economic liberalization - as of liberty - is eternal vigilance.