SPEECH BY H.E. MR. HECTOR BOZA, FORMER MINISTER FOR FINANCE
AND VICE-PRESIDENT OF THE REPUBLIC OF PERU
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One cannot speak of the progress achieved in the expansion of international trade without pausing a moment to praise the report on international trade in 1956 prepared by the GATT secretariat.

The secretariat has, for the fifth time since the signature of the General Agreement, presented us with a detailed, harmonious and well-planned survey of the development of trade on a world-wide scale.

I believe this document, which is destined, as were the previous ones, to become a valuable source of reference, should lead us to consider the advisability of placing on future agendas of the annual sessions of the Contracting Parties, an item which would cover an analysis and discussion of these reports; for they undeniably constitute a graphic record of the trends in international trade. Other assemblies - such as the International Labour Conference - have adopted this system.

As far as world trade is concerned, we cannot but express our pleasure for the increasing progress made in the expansion of international trade from one year to the next. But this very fact provides much food for thought.

The main factor in this development of trade, and one which stimulates and furthers the progress of each country, is the desire for mutual understanding, based upon mutual respect and the clear awareness of one's own commitments. The General Agreement on Tariffs and Trade is an eloquent proof of this desire for understanding, and there is no denying its contribution to the development of international trade.

The General Agreement should not merely be concerned with rights and obligations and their safeguard. Article I, in stating the aims of the Agreement, stresses the objectives to be pursued by the Contracting Parties - substantial improvement of countries' economies and the full use of world resources. It is to attain these aims that so many and varied countries have joined together in a general agreement on the fundamentals of trade, based upon a spirit of justice and mutual understanding. The General Agreement represents the first stage in this common undertaking and bears witness to this will for mutual comprehension. But we should not forget that it is of a transitional nature and the goal which is contemplated is its crystallization into an institution, into a veritable international trade organization.
The General Agreement, the Intersessional Committee and the executive secretariat serve a highly important purpose. These last two bodies are concerned not only with the application of the Agreement but virtually act as executive and advisory bodies while contributing to the study of trade matters — as in the concrete case of the secretariat report to which I referred a moment ago.

This would seem to me to be the first step to be taken if we wish to stimulate a further expansion of international trade. Experience has shown that the loyal and strict observance of international commitments undertaken within the terms of the General Agreement, is the best guarantee for the development of trade between the different countries.

The underlying principles of the General Agreement are the fruit of a development which has become apparent to nations, something which has become a compelling reality. Let us welcome this great step forward in the history of international understanding. But at the same time let us remain firm along this path and loyal to the principles which determined us to follow it. It is also essential if we wish to move forward towards a true, not just a fictitious, expansion of international trade. The fundamental provisions of the GATT are directed towards this end and have played a very positive role. Let us, therefore, hold true to them.

International trade cannot reach its true optimum level, nay, would be severely hampered, if quantitative restrictions were to remain; if administrative barriers to the normal development of trade were to subsist; if each country, with a shortsighted view of its own interests, were to apply protective measures seriously detrimental to others, and which merely represent an advantage for the beneficiary country, threatening to impoverish or turn away its own customers.

The aims of the General Agreement are sufficiently wide, as I pointed out before, they are sufficiently sound and equitable, taking account of the fact that there are countries differing in trade importance and with widely varying economies. With an eye to the under-developed countries, the system of waivers was elaborated on a provisional and exceptional basis which authorizes the strengthening of certain restrictions to help remedy particular situations. The aim of this provision is to strengthen the economy of countries which have not yet achieved full development with the idea that if this is facilitated international trade as a whole will benefit in the long run. But the system of waivers — be they authorized or virtual — merely results in the application of discriminatory measures which precisely hamper the economy of the under-developed countries, turning us further away from the solution of equity and mutual benefit in international trade. Proof of this lies in the protective measures applied in the field of agriculture and mining products upon which more than one of the Latin American countries so greatly depend.
Regulating trade in primary products, however, through - for instance - stabilization of world market prices; elimination of protective measures or waivers for the import of agricultural and mining products, with the resultant application of anti-dumping measures, must be considered as a real necessity.

The strict fulfilment of all these provisions of the General Agreement therefore represents an unmistakable factor for guaranteeing and stimulating the harmonious development of international trade. It is only within the framework of the General Agreement, and by strengthening the General Agreement, that it will be possible to further the expansion of international trade, on a true, sound and stable basis.

One of the most important problems which is now before us in connexion with the spirit and the working of the GATT, as well as its overall relations with international trade, is doubtless that of the repercussions which the Treaty setting up the European Common Market will have for third countries.

This achievement - which immediately met with the great sympathy of Peru - must, however, be considered most seriously. If we see in European economic integration not only a fine expression of international understanding but also the effective creation of a wider consumer market and the promise of expanded international trade, Peru, which follows the firm policy of complete freedom of trade, having removed all restrictions and administrative barriers to international trade, cannot but welcome this significant experiment.

If, however, this gradual abolition of trade restrictions between six important European countries were to imply the application of a preferential customs system tending to introduce discriminatory measures prejudicial to the other Contracting Parties, we would have reason for alarm. Particularly if we take account of the fact that the non-metropolitan territories are associated to the Rome Treaty and what is more, that a common fund for the development of the economy of the countries concerned is to be set up.

Stress must be laid on the fact that both in the creation of the European Economic Community and in the possible creation of a free trade area, any effective participation of other groups of countries, like the Latin American group, is excluded in spite of the vague provisions which would permit of asserting the contrary. These countries hope, therefore, that an adequate formula will emerge, and one which would offer full guarantees as regards the strict application of all the provisions of the General Agreement. The General Agreement is, after all, a multilateral treaty which represents a concrete international achievement, the strength of which imposes upon each and every one of us obligations which are, in fact, in our common interest. The problem of the implications which the Rome Treaty has vis-a-vis the General Agreement cannot be limited, in our judgement, to the questions arising out of Article XXIV, and which simply refer to one of the many aspects, i.e. the Customs Union. The Treaty of the European Common Market is much more than simply a customs union. If we were to consider it as an amendment to the General Agreement we would have
to analyse it in the light of Article XXX. Given the extent and scope of the Rome Treaty, it must affect more than one part of the General Agreement. We therefore feel that during the course of this debate, not only Article XXIV but all the articles which could be affected, should be studied and that the question should be put before the Contracting Parties in all its aspects.

It would seem to me to be superfluous to dwell on the fact that this in no way means adopting a negative attitude towards the Rome Treaty. On the contrary we would wish to make constructive efforts to bring it into complete harmony and with the already existing provisions of the GATT so that the great European Economic integration, which we welcome, may not carry with it the regrettable defect of being detrimental to third countries. This not only because the rights and legitimate interests of other countries would be impaired, but because it would block the way, in the future, to this type of integration in which itself represents such a great step forward.

The Rome Treaty implies much more than a mere episode and is therefore deserving of very special attention. The very magnitude of this experiment does not, to begin with, permit of an immediate response and leaves many points somewhat undefined. However, we have a concrete proposal to submit in this respect.

Subject to the opinions expressed with regard to the exhaustive debate on the Rome Treaty in the light of all the relevant articles, there is a measure which could be applied and which would safeguard the minimum guarantees which must be given. This measure would consist of the setting up of a Standing Committee within the framework of the GATT to which the six signatories to the Rome Treaty would commit themselves to provide periodic information on the consequences progressive of the application of the numerous and sometimes not over-specific clauses of the Rome Treaty.

As far as Peru is concerned, my country has taken the initiative of proposing the creation of a regional block of Latin American countries in order to confront the problems which the Rome Treaty might give rise to in that region of the world. This should illustrate the concern of our countries, which are in the process of economic development, which see themselves facing a sudden merging of a market of 200 million consumers, linked to overseas territories, having a non-metropolitan economy — economy similar in many respects to our own and to that of other groups of countries.

In conclusion, Mr. Chairman, I like to say that we feel certain in Peru of the goodwill that prevails and that mutual understanding will be attained after a thorough study and discussion has taken place at this Twelfth Session for the best fulfilment of GATT's General Agreement.