I should like to begin by congratulating Mr. Barbosa da Silva on his election as Chairman of the ministers' meeting. I am sure his presence here will provide an appropriate and useful link between the deliberations of this meeting and the work which is to follow in the concluding part of the nineteenth session of the Contracting Parties. I would also join whole-heartedly in the tribute paid to Mr. Eric Wyndham White for his objective and imaginative handling of the affairs of the General Agreement.

This is an historic moment not only in the life of the organization, which has invited us to this meeting, but in the annals of Economic Progress. We are here to take decisions on matters of fundamental importance, decisions which will determine the course of trade developments and may have a lasting impact on international relations.

I should begin by reaffirming the complete faith of my Government in the principles and objectives contained in the General Agreement and their resolve to work toward the strengthening of the GATT organization. We have been members of GATT since its very inception. In formulating our trade policies we have attempted always to adhere to the rules and principles of GATT. We propose to continue to give our fullest support to the General Agreement which we regard as the most appropriate forum where international problems of trade can be most objectively and effectively resolved. I have no doubt that other member countries whole-heartedly support us in this resolve.

Our faith in GATT has been fully justified by the positive and constructive role which it has played in the economic world during the last decade. There have been two significant achievements, one in the material field, and I refer to the reduction and stabilization of tariffs and the other, which I regard as more important, in the educational field. Notwithstanding, the fully justified criticism which is often made about the inadequacy of results obtained in pursuance of the recommendations and decisions made under GATT I venture to suggest that the present awareness of the grave economic and social problems of less-developed countries has been mainly the result of the activities of this organization. It has been more than an "awareness" - indeed a 'great awakening' which has stirred the conscience of the world and
which will go down in history as "the GATT Awakening" for I know of no other international forum where these problems have been considered with greater objectivity, greater unanimity on fundamental principles and with greater vision.

The preceding years have been years of phenomenal economic growth and expansion of international trade. The economies which were ravaged by the war have been completely rehabilitated and the industrialized countries have moved into an era of prosperity and affluence. These achievements were watched in the less-developed world with great interest and hope. As members of GATT they expected that the resurgence of economic and industrial activity will create conditions which will open up prospects of greater production and expansion of trade. This expectation has unfortunately not materialized. While the volume of exports from the industrial countries has been rising steadily, there has been only a negligible increase in the exports of non-industrial areas. Accompanied by this has been a rise in average prices of manufactures while prices of primary commodities remained unchanged. In fact, prices of most of the primary commodities dropped in 1959. The share of the non-industrial countries in world commodity trade suffered a substantial reduction.

These factors have created a large and growing trade deficit for less-developed countries. While prospects of any substantial increase in earnings from exports have remained severely restricted, the less-developed countries have had to increase their imports for the implementation of their essential development plans.

It is abundantly clear that we have arrived at a point where decisive action is necessary to provide a solution to the problems of the less-developed countries if they have to be helped to raise the standard of living of their people and to achieve an adequate level of production. The importance and seriousness of this question has been fully recognized by member countries of the GATT and it was in 1958 at the ministers' meeting that a programme for expansion of trade was adopted by GATT with a view to increasing the levels of production obtaining in less-developed countries and making access to markets easier to improve their foreign exchange earnings. Pursuant to this decision three committees were appointed to examine the more significant aspects of the problem in detail. The reports of these committees have been unanimously adopted by the Contracting Parties. I must pause here to pay a tribute to the committees which have rendered invaluable service by completing these arduous and laborious studies of some highly controversial matters. I must also congratulate the Contracting Parties for the courage and vision which they have displayed in unanimously adopting the findings and recommendations contained in these reports. I shall deal with the recommendations of these committees when the reports come up for consideration. At this stage I only wish to say that the basic issues have been analysed and the problems clearly identified for us in a bold and challenging manner. It is now for us to respond to this challenge by indicating in an equally clear manner the steps which we propose to take for the solution of these problems. If we are unable to give constructive and
decisive guidance at this juncture, we should prepare ourselves to face the prospect of seeing this great organization withering away. I think we all owe it to this organization which has done significant service in bringing out the basic problems obstructing the growth and expansion of international trade and has given a clear indication of the means available to us to deal with these problems that we should resolve, here and now, to adopt concrete measures leading to the ultimate solution of these problems.

As representatives of public opinion, it is for us to face the problems of domestic pressures and internal adjustments. These are intricate problems and have to be dealt with in a patient but courageous manner. I have no doubt in my mind that every one of the less-developed countries will be prepared to cooperate with the industrialized countries in dealing with these problems in a considerate and cooperative manner. But we should be prepared to provide concrete evidence that we mean to go ahead with a definite programme of action, which will provide growing access to markets for the products of the less-developed areas by eliminating tariff obstructions and discriminatory practices and which will enable the less-developed countries to make full use of their resources.

I would propose that we invest our power, our prestige and our influence in the principles of GATT. It will be the greatest investment that we will have ever made. Great are the risks involved in this, but greater are the dividends promised. If we are able to make an impact on public opinion and find ways to offer adequate markets for the less-developed countries to expand their trade and thus raise the standard of living of a vast mass of human beings, we will have made a decisive contribution toward human happiness. Could there be a greater goal?

I said in my general statement, reduction of tariffs and their stabilization has been a significant achievement of GATT. There is, however, no denying the fact that the benefits from the reductions in tariffs have been mainly shared by the industrialized countries, for it was in these countries that products were subjected to high tariffs and there was considerable scope for reciprocal reduction. Little advantage accrued to the less-developed countries from these reductions and this was particularly true of countries like Pakistan which depended mainly on the export of a limited number of primary commodities. In spite of this the less-developed countries continued to take part in the tariff negotiations held in the past in the hope that they will be able to secure some tariff concessions and the principle of reciprocity will be applied in a sympathetic and flexible manner in consideration of their special needs and circumstances. This hope has been belied.

It was as a result of the ministers' meeting in 1958 that Committee I was set up to arrange for a further general round of multilateral tariff negotiations within the framework of the General Agreement. The first report of this Committee is now before us for consideration. The report recommended conducting certain re-negotiations and initiating negotiations for new concessions. Pakistan, as well as most of the other less-developed countries, decided to participate in these negotiations. Pakistan's main
interest in entering the negotiations was to secure concessions for some of the semi-processed and semi-manufactured goods based on natural resources available within the country and which were likely to account for a growing share in Pakistan's export trade in future years. The full results of these tariff negotiations are not yet known, but it has become abundantly clear that the course of these negotiations has been none too smooth and serious difficulties have arisen which indicate the need for re-examining the techniques and procedure of tariff negotiations. It has further been established that the current negotiations are unlikely to produce any beneficial results for the less-developed countries.

The less-developed countries are not in a position to offer rigidly reciprocal concessions on a commodity-by-commodity basis. It needs to be emphasized that in the less-developed countries tariffs do not determine, to any appreciable extent, the volume of imports. The capacity of these countries to import is determined by the availability of foreign exchange. The main items of import in these countries are machinery, capital goods, maintenance spares, and essential raw materials. In Pakistan as in most other less-developed countries, these imports do not encounter high duties. Relatively high tariffs are imposed on certain items to meet the fiscal and administrative needs of these countries and the requirements of their industrial and economic development. These problems which are inherent to the economic situation of the less-developed countries, do not appear to have received, in spite of promises of sympathetic consideration, appropriate recognition in practice during the tariff negotiations so far. It would appear necessary to adopt concrete measures to ensure that any future scheme for tariff reductions is based on a firm and conscious recognition on these problems.

Another factor which severely inhibited the less-developed countries in their negotiations for tariff reduction has been the insistence by the industrialized countries on proof of substantial interest in traditional trade. I should have thought that if the less-developed countries could establish such an interest over a range of items, particularly of manufacture, they would not be suffering from an intolerably low level of growth. It is like asking a person who has no income to produce evidence of his earnings if he wants to earn more. The principal supplier rule would require considerable relaxation if the trade of the less-developed countries is to be diversified and extended to new lines, particularly in the field of simpler manufactures.

The findings of Committees II and III have established beyond doubt that the application of non-tariff measures to the import of certain commodities and goods exported by the less-developed countries has been, often, discriminatory and, at times, in clear contradiction with the principles of GATT. The result has been a "widespread impairment", as noted by Committee II, of the tariff concessions negotiated by member countries. Reductions in tariffs must therefore be accompanied by the elimination of non-tariff devices if they have to serve the objective of facilitating and increasing the export trade of the less-developed countries.
The general objective toward whose achievement the work of the Tariff Conference was directed was to relieve markets of tariff restrictions and non-tariff barriers, so that less-developed countries may be able to find reasonable access to markets on a freely competitive basis and thereby improve their export earnings. This objective was determined by a growing realization among industrialized countries that the rate of growth in less-developed areas could be improved adequately only if they had expanding prospects for their export trade and were provided with sufficient financial and economic assistance to enable them to grasp these prospects. What seems to have got lost during these protracted tariff negotiations is this broad objective.

It is clear that the present technique and principles of negotiations suffer from serious defects. In principle, therefore, I would welcome a reconsideration and revision of these procedures in the light of the special needs of the less-developed areas so that tariff reductions are negotiated in accordance with the provisions of Article XXVIII of GATT. It is important to ensure that the necessity for a more flexible use of tariff protections by the less-developed countries and their need to maintain tariffs for revenue purposes is fully acknowledged.

My Government will be willing to give serious consideration to the proposed plan of tariff reductions up to specified levels within an agreed period subject to the special problems of the less-developed countries, which I have mentioned, being resolved in a satisfactory manner.