GENERAL AGREEMENT ON TARIFFS AND TRADE

Fifteenth Session of the CONTRACTING PARTIES

STATEMENT BY Mr. PAULI LEHTOSALO, SECOND MINISTER FOR FINANCE,
MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY OF FINLAND,
AT THE PLENARY MEETING ON 28 OCTOBER 1959

It is a real pleasure for me to have this opportunity to participate for
the first time in the session of the CONTRACTING PARTIES to the GATT and in
this meeting of prominent government representatives. On many occasions we
have heard that our Japanese hosts have spared no effort to make this meeting
a success. I would pay my personal tribute to the Japanese Government and
associate myself with all the words of thanks expressed before me by many
honourable representatives. Finland has participated in the work of the GATT
for ten years. During that time we have learnt to appreciate the importance
of this organization for the further development of world trade which is our
common aim. Since the establishment of the GATT, the picture of world trade
has changed considerably. Owing to its vitality and its flexible and
practical approach to the new problems the organization of the CONTRACTING
PARTIES has, however, been able to meet the situation. The Finnish Government
welcomes the new members added to our number, as well as the recent efforts
to establish relations between the CONTRACTING PARTIES and certain other
countries. This development, in our view, clearly shows that the growing
importance of the GATT is more and more generally recognized.

The CONTRACTING PARTIES are today confronted with two major problems
which are clearly interrelated. The first is the difficult situation of the
primary-producing countries, the second concerns regional economic integration.
It is to great merit of the CONTRACTING PARTIES that the problems of the less-
developed countries were so clearly brought into the focus of the discussions
under the auspices of the GATT in the form of the Haberler report. Since the
publication of the Haberler report, the United Nations World Economic Survey
1958 and, lately, the report on International Trade 1957-58 have added to our
knowledge of the facts pertinent to this problem and stressed the necessity to
find ways and means to secure a balanced growth of the world economy. Under
the present state of international trade and payments, the rate of expansion
everywhere is bound to be influenced deeply by the pace set by countries in a
strong position on external account. Even moderate fluctuations in the
economic activity of major industrial countries may put smaller countries
which are in the process of industrialization and in a vulnerable balance-of-
payments position, in a very intricate position indeed. Therefore the larger
industrial countries have a great responsibility and this implies moreover
that concerted action may be called for.
By the establishment of a programme of trade expansion and by setting up three special committees to study the different aspects of this problem, the CONTRACTING PARTIES have, in fact, given an impact to such concerted action. The committee dealing with the proposed new round of multilateral tariff negotiations has presented its report. The Finnish Government will be glad to participate in the Tariff Conference to be held in 1960-61. Of the two other committees which still continue with their work, Finland has participated in Committee II on Agriculture. So far it has concentrated its work on the fact-finding part of its terms of reference. I think one cannot stress too much the importance that the Committee, when proceeding to deal with the other parts of its terms of reference, should bear in mind not only the facts it has discovered but also the background of these facts. Only thus, it seems to me, will it be able to avoid the danger of too far-going generalization with all its implications.

The work initiated by the CONTRACTING PARTIES with their trade expansion programme has undoubtedly been useful also in dissipating or attenuating some of the fears aroused, rightly or wrongly, in some countries by regional economic integration. I have no intention to examine in this connexion the different integration plans. Yesterday we had the opportunity to hear a very clear statement of the plans of establishing a European Free Trade Association made by my colleague Minister Kling from Sweden. Finland has not participated in these negotiations. This does not mean, however, that Finland would not follow these negotiations with keen interest. Finland is more than anxious to continue her trading on a non-discriminatory basis with all her present trading partners and my Government does not exclude the possibility of a closer economic co-operation, especially with the Nordic countries as well as with other European countries. However, true to its declared policy of neutrality, my Government is interested in making agreements on tariffs and trade only. It cannot consider any agreements containing political obligations or providing for supranational organs. Furthermore, as a country signatory to the GATT, we consider that all such agreements must fulfil the requirements of the General Agreement and have as their purpose the facilitation of trade not only between the constituent territories but also with other contracting parties.

A problem that will be dealt with by this session and which has gained in actuality since the introduction of external convertibility in several countries is the balance-of-payments import restrictions and the administration of these restrictions. Among the reports presented by the Balance-of-Payments Committee, the CONTRACTING PARTIES will find also the report on the consultation with Finland under Article XII:4(b). The attitude of the Finnish Government in regard to this problem is clearly explained in this report and there is no need for me to go into details in this connexion. I can only repeat that it is the intention of the Finnish Government also in this respect to carry out the obligations emanating from the General Agreement. As a further proof of this intention I am happy to announce that Finland has recently proposed to some of her bilateral trading partners in Western Europe to join the multilateral agreement known as the Helsinki Club. A proposal to accede to the multilateral protocol has also been made to the United States and Canada and will, if accepted (practically) eliminate the difference that still exists in the treatment of imports from countries with external convertibility and imports from the dollar area.

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