GENERAL AGREEMENT ON TARIFFS AND TRADE

Fifteenth Session of the CONTRACTING PARTIES

STATEMENT BY DR. W.P.H. VAN OORSCHOT, DIRECTOR-GENERAL OF FOREIGN ECONOMIC RELATIONS OF THE KINGDOM OF THE NETHERLANDS AT THE PLENARY MEETING ON 29 OCTOBER 1959

First, I wish to join all those who expressed their feelings of gratitude towards the Imperial Government for the hospitality they extend to the delegates attending the fifteenth session of GATT. I sincerely believe that our stay here will make it easier to understand the economic problems of this country and will hopefully contribute to a needed solution of a well-known unsatisfactory situation.

Secondly, I want to dwell a moment upon the problems that will confront us in this session. The general issues have been laid before us already in several speeches. I will therefore raise only a few points, and I shall try to be as short as possible.

The Netherlands Government, too, are looking forward with great interest to the results of the work in Committees I, II and III. We are of the opinion that the most important item on every agenda ought to be the problems concerning the countries in a stage of development. It is generally felt that firm proposals in this field are needed with the aim to bridge the ever-growing gap between these countries and the other parts of the world.

In working out concrete proposals the following subjects may have our attention.

Although it is clear to all of us that industrial development is urgent, we see that reluctance is shown to admit the products of that development to the markets of the industrialized countries. The reasons may be many times twofold: either the commodities are exported from the young industrialized countries on competitive terms which are different in comparison with those of the other parts of the world, or the young countries stop imports from the developed countries by protecting their new industries.

The consequence is that from both sides a controversial policy is introduced which policy is hampering a normal development of trade.

It may also happen that countries which are starting their industrialization, forcibly reduce general imports to use all available resources for the procurement of capital goods which is, in general, at the same time detrimental to harmonic relations in the field of trade policy of the countries concerned.
Although all of this is understandable, we should not forget that the totality of these measures may impose a heavy burden on the industrial countries since this diversion of the pattern of trade works to the detriment of the existing flow of consumer goods, until now produced in those countries.

Without any doubt every new industrialization will change the pattern of trade, but that should happen in a sphere of normal trade competition.

Herewith I want to express, Mr. Chairman, that love cannot be one-sided. We have to co-operate but we are not able to merely shift certain industries to other areas. The goal can only be to arrive at a free and fair competition, taking into account a certain rhythm which may secure a healthy development within the rules and procedures of the General Agreement.

In this connexion we should like to support the ideas developed by Dr. Westwick yesterday, in particular where he stated that nobody can expect to terminate at one stroke a process of evolution which in many cases requires decades to come to an end.

Another important feature for countries which, in the development of their economy, try to attract private capital, is to create a favourable climate for its investments. Private capital can only be expected to accept modest profit possibilities if the risks it is running compare favourably with those at home or elsewhere.

These are two points which may perhaps have attention during the work of Committee III.

I am aware of the fact that I have approached the problem from another angle than many of the previous speakers, but I am convinced that it is in the interest of both the industrial and the developing countries to keep a certain balance in demands.

Next, Mr. Chairman, I should like to touch for an instant on the problem of agriculture, which is very important for the Netherlands. As much has already been said on this subject, I shall limit myself to one remark. The development of the trade in agricultural products causes great difficulties, not only here in GATT between contracting parties, but also in all international organizations which deal with this item.

Briefly, Mr. Chairman, I see the situation as follows. On the one side an increase of production, on the other side a policy of stabilization or even increase of farm income, and the maintaining of existing farming capacities. If governments act on these principles only and continue to increase production often without regard to the costs of production, a world production which exceeds existing demand cannot be avoided.
At present many, too many, countries seize the easiest means to escape the ill-effects of this dilemma by imposing import restrictions or other obstacles to trade.

'Mr. Chairman, I think we need to have a clear perception of this dilemma, which is the fundamental cause of all agricultural problems. It is of importance to the work done in Committee II, of which we all hope that it will contribute to an expansion of trade in the agricultural sector.

A last point to which I would invite your attention is the association of countries with planned economies. My delegation wishes to declare that on the one hand it welcomes such associations, assuming that these countries have an honest desire to contribute to the objectives of GATT, which aim at a substantial reduction of tariffs and other barriers to trade and at the elimination of discriminatory treatment in international commerce. But on the other hand, we have some apprehensions, because the differences in trade systems between free and State-controlled economies may lead to a disequilibrium in rights and obligations. It would be well, therefore, if GATT sought a solution of this matter along the lines of reciprocity and mutual advantage.

'Mr. Chairman, much has been said these days which is of great value for our work in the future. I should like to confine myself to the few thoughts I just expressed. There is at our disposal sufficient material to strengthen where necessary the foundations of the Agreement, material to prove that our building is able to resist stormy weather. But this will only be the case if contracting parties are prepared to act in conformity with the words full of promises that have been spoken.