GENERAL AGREEMENT ON TARIFFS AND TRADE

Meeting of Ministers

STATEMENT MADE BY THE HON. J.A. CLARK
MINISTER OF COMMERCE AND INDUSTRY, FEDERATION
OF RHODESIA AND NYASALAND ON 17 MAY 1963

Item 1: Measures for the Expansion of Trade of Developing Countries as a Means of Furthering their Economic Development

In general, the Federation of Rhodesia and Nyasaland supports the eight-point Action Programme and the objectives of the Kennedy Round of negotiations. But some points of the Programme of Action and of the proposed negotiations cause us some difficulty, in that they imply the reduction or elimination of preferences which we at present enjoy.

We see no reason to apologize for preferences which assist the economic progress of some developing countries; their value was acknowledged at the last Ministers' meeting of the GATT. Preferences of this kind should not be regarded as creating artificial advantages - rather they go towards offsetting the disadvantages the developing countries experience in competing with the stronger trading nations. The need for the less-developed countries to have means of overcoming some of the disadvantages under which they labour in competing with the developed countries is the reasoning underlying the suggestions for preferences to all less-developed countries arising from point 8 of the Action programme. We believe that if better trading conditions are to be achieved between the two groups, some such measure as the proposed extension of preferences is inescapable.

MORE
I should like to enlarge upon the difficulties which less-developed countries experience in attempting to compete with the giant trading nations. For us, as with other less-developed countries, there is the initial tremendous difficulty of a country at the beginning of its development attempting to compete with established large-scale producers, adequately furnished with capital and other resources and backed by large internal markets. But it goes further than that. By virtue of their size and wealth the giants in world trade are able to do business by means which the less-developed countries simply have not the resources to employ. These include subsidizing of surplus disposals and the policies which lead to the production of otherwise unsaleable surpluses, tied aid and other forms of non-commercial trading. State-trading countries sometimes adopt other but equally disruptive practices, such as the sale of commodities on world markets at arbitrary prices.

All of these mean that the less-developed countries do not compete on equal terms. In fact, practices of this kind amount to a form of very real discrimination against the less-developed countries. The argument against the retention or extension of preferential systems is based upon the view that they are discriminatory and therefore objectionable; in effect, the devices available to the great nations constitute a much more serious, less recognizable and less easily regulated form of discrimination.

We therefore feel that the less-developed countries are justified in calling upon Contracting Parties, not only to recognize these difficulties, but to take action now, at this Meeting of Ministers, to achieve the objectives of the eight point Programme. Unfortunately, though, the eight point Programme alone would not overcome all of the difficulties which I have mentioned. For instance, there is the problem of surplus disposals. The whole essence of the surplus disposal problem is that it is created by the policies adopted by the major countries. Certainly the less-developed countries cannot provide the solution.

My Government will very shortly hold bilateral discussions related to a commodity of vital concern to our economy. We naturally hope these discussions will be successful. But whether these particular discussions are successful or not, they are merely one element of the wider problem. There must be many contracting parties who have similar problems. Consequently, the entire subject should be specially studied by the GATT, and it may be that the use of Article XXII provides the germ of a solution to the problems created by extraordinary trading practices.

Our only hope is that the major countries will recognize their responsibilities and produce quick solutions to these urgent and growing problems.