GENERAL AGREEMENT ON TARIFFS AND TRADE

Meeting of Ministers

STATEMENT MADE BY MR. WESTRIK, SECRETARY OF STATE,
MINISTRY OF ECONOMY, FEDERAL REPUBLIC OF GERMANY,
ON 16 MAY 1963

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

May I make a few comments in connexion with the Action Programme submitted, in so far as it deals with the suppression of barriers to trade exchanges. In so far as customs duties are concerned, they will be discussed later, and I would like to limit my comments to the matter of the reduction of quantitative restrictions as well as those of the consumer duty. Since the inception of the GATT programme on the expansion of world trade, substantial progress has been made in relation to the elimination of quantitative restrictions. As it is obvious in the report published by the Committee III, developing countries have benefited by the progressive field of trade, and this is satisfactory, apart from a few exceptions, the German Federal Republic has already freed those products which were examined by Committee III.

In most instances the products still under quota will be liberated at the end of 1964. In this way we have practically fulfilled the requirements laid down in the Action Programme. This action is due to the activities of the Committee III. I am of the opinion that the introduction to the annual report as has been proposed in Point 7 of the Action Programme could be an appropriate basis for the future intensification of the work of Committee III.

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In connexion with the excise taxes on consumer goods I would like to say the Federal Government is fully conscious of the importance of the increase of importations of the less-developed countries in the framework of our joint efforts. It is only by the progressive reduction of barriers to exportation from developing countries that these countries will be able to take their place in a fruitful world trade. It is in our interest, our collective interest, to enable the less-developed countries to finance their growing needs of importation, thanks to the help of their growing earnings in foreign currency, thanks to their exports. Within the framework of these possibilities the Federal Government has always tried to take into account the requirements in its own import policy. In the past it has been possible to reduce considerably and on several occasions duties on coffee and tea in the Federal Republic. We would be very happy, I would say, extremely pleased if we could yield to the desires of the less-developed countries and to reduce even more the taxes. After having planned and very carefully examined all the factors involved we cannot at the moment see the possibility of so doing at the present stage.

During the past few years the budget of the Federal Republic has had to assume new and heavy burdens; amongst other things, financial aid to less-developed countries and this is the reason why the balancing of our budget has become a very great difficulty which we have to solve.

The existing difficulties are increased by the federal structure of our Republic and the limited mandate of the Federal authorities. The taxes and burdens of the German economy are the highest amongst industrial countries. Detailed examination of the fiscal system has so far not led us to find acceptable solutions, which might have made it possible to find a budgetary compensation for any reduction in the taxes on tea or coffee but we shall not cease to study the possibility of future solutions to this problem which is a very definite problem for the producer countries and we will study this matter with very great care. Nevertheless, the effective consumption in the Federal Republic is very favourable. During the past few years imports of coffee in the Federal Republic have increased on an average, yearly, by 7 per cent. Whereas the rate of increase of all imports throughout the world for coffee have been between 2 and 3 per cent. There are a few figures which I would like to quote here. The volume imported into the Federal Republic of coffee and a comparison between 1952 and 1962. In 1952 we imported 57,000 tons, in 1962 we had already reached 233,000 tons and all the information obtained shows that this favourable development will be amplified in future according to economic calculations made in connexion with the consumption of coffee in the Federal Republic.

If we make a comparison between 1952 and 1962 for the volume of coffee imported into the Federal Republic we see that in 1952 we imported 57,000 tons and in 1962 we had already reached 233,000 tons and all the information obtained shows that this favourable development will be amplified in future. According
to economic calculations made in connexion with the consumption of coffee in the Federal Republic for 1970 we shall probably go beyond by 50 per cent over the consumption of 1961. In general, may I say that we agree with the opinion expressed this afternoon by His Excellency Mr. Schaus as our spokesman for the Community that at the present stage the essential thing is above all to ensure that the will of the industrialized countries at the present moment is to ensure a continuous expansion of exports of those countries of those products from the developing countries. At the same time we must improve the real basis of our mutual trade relations in this context it is extremely important that the industrialized countries should maintain a reasonable rate of economic expansion by offering increased and ever growing markets to foreign suppliers. As to the developing countries we must consider that our efforts to increase the expansion of world trade and our technical assistance and financial assistance granted to them must also be examined from the point of view of the needs and trade possibilities. It is only in this manner that we shall be able to achieve our common desire, that is to say, to see the less-developed countries assume their place within a fruitful world trade as stable and strong partners.