GENERAL AGREEMENT ON TARIFFS AND TRADE

Meeting of Ministers

STATEMENT MADE BY MR. E. SCHAUS (LUXEMBURG),
PRESIDENT OF THE COUNCIL OF THE EUROPEAN ECONOMIC
COMMUNITY, REGARDING THE PROBLEM OF THE DEVELOPING COUNTRIES
ON 16 MAY 1963

The European Economic Community has examined with great attention and interest the report drawn up by Committee III. The Community has found this report most interesting, and in particular certain sections of it which constitute a new and constructive approach to the search for solutions to the problems of the developing countries.

For a long time, in fact, the representatives of the Community have continually drawn the attention of the Contracting Parties to the fact that these problems are not, or are not solely, problems of tariffs or of quantitative restrictions but also, and perhaps above all, problems of prices, diversification of production, trade techniques and regional co-operation.

If, therefore, the problems of the developing countries were merely a matter of selling increasing quantities of their products to the industrialized countries, the Community could claim to have already made a particularly effective contribution, and to the extent that a like effort could be made by the other great industrialized powers, one could content oneself with the results which would be achieved thereby.

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Indeed, the share of the developing countries in the expansion of the Community’s imports has been particularly large. Despite the drop or stagnation of prices of certain raw materials, the value of imports from these countries has risen by more than 20 per cent over the past four years. This figure is, of course, still more noteworthy if one considers the volume and not the value of the imports in question.

By way of example, I should like to record that imports of products originating in the Latin American countries rose between 1958 and 1962 from $1,568 million to $2,120 million, representing an increase of about 36 per cent.

I should also like to mention that between 1957 and 1961 imports from African countries not associated with the Community rose from about $1,830 million to about $2,125 million - an increase of 16 per cent.

I should like to note in passing that these figures show that the Common Market, by the expansion which it engenders, is a source of prosperity not only for the States which are members of the Community, but also for the developing countries.

These figures also show clearly the extent to which the Community has taken the interests of the developing countries into account in its commercial policy. The report of Committee III and that of the Special Group on Tropical Products have not perhaps taken sufficient account of this situation.

In reality, the Community is aware that all this has not brought the advantages hoped for, since over the same years the balance-of-payments difficulties of most of the developing countries have become more serious and, in general, the gap between the economic levels of many developing countries and of the industrialized countries has not been narrowed as much as one would have wished.

I believe that Committee III realized, and rightly so, that it was not enough merely to study certain aspects of the problem. The Community considers this realization to be of great importance. It therefore noted with satisfaction that the Committee took up the study of development plans and tried to make a study of the relationship between trade expansion and the implementation of such plans.

The report of Committee III also brought out the importance of the problem of the stabilization of prices at remunerative and equitable levels and sought certain new methods which would enable the developing countries to co-operate more effectively among themselves in order to expand their trade.

The Community urges that this new approach, which I might term the "global approach", to the problems of the developing countries should be pursued actively with a view to seeking effective overall solutions.
In this connexion, I should like to state that the Community is in agreement with the concluding considerations set forth in Section D of the Agenda relating in particular to the extension of the Committee's present programme of work in collaboration with other international agencies, as well as the possibility of creating a stronger institutional framework which would reflect the concerns and responsibilities of the Contracting Parties in the field of the expansion of the trade of less-developed countries. On this latter point the Community considers that an ad hoc working party might draw up suggestions in this regard as soon as possible.

Another point which we have noted with interest concerns the possibility of a certain relaxation of the most-favoured-nation rule to meet the needs of the developing countries. I believe it essential that this point, which gives rise to certain questions of principle, should be studied carefully and rapidly.

As regards tariff problems, they can be examined in the broader context of the proposed negotiations. I should merely like to recall in this connexion that the European Economic Community, for its part, is prepared to adopt an extremely flexible attitude as regards the reciprocity to be asked of the developing countries during these negotiations.

In conclusion, one section of the report deals with the elimination of certain non-tariff measures applied to imports and also to the elimination of internal charges. The Committee has already referred to the difficulties confronting it in supporting solutions such as those proposed in the report of Committee III in this regard. At the present stage, however, I believe that the essential and urgent thing is to ensure, in a concrete manner, the steady expansion of exports of the products of the developing countries, at an equitable price level.

Be that as it may, you already know that in agreement with the associated African States and Madagascar, the Community has decided to offer a substantial reduction, and even the elimination, of its customs duties on certain tropical products, for instance coffee, cocoa, and tea.

Accordingly, the Community would be happy to report on the progress made by it in these fields, on the occasion of the examination of the periodic reports which in its opinion it should be possible to draw up on the development of trade between each of the industrialized countries and of the developing countries.