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CIRCULATED TO DELEGATIONS AT THE REQUEST OF ARGENTINA

In the words of the Argentine delegation which took part in the Meeting of Ministers held in 1961, my country has always, even before its provisional accession to the General Agreement, endeavoured to shape its foreign trade and financial policy in accordance with the principles and rules of GATT.

I find myself bound to repeat that, on the contrary, a quick survey of the commercial and financial policies of the industrialized countries shows that most of them do not apply those principles and rules as freely and fully as we do. Those policies embody subsidies and other forms of protection and are marked by import restrictions aimed at favouring the more costly because less efficient agriculture of the industrialized countries.

Those policies take various forms, but in the end they certainly lay a heavier burden on the tax-payer and consumer; and they also in the end by keeping down prices and reducing the volume of production of the more efficient exporting countries adversely affect those countries’ economy.

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In addition there is the extraordinary phenomenon of the European Economic Community, whose agricultural policy, as implemented under the existing and projected rules, has not only failed to correct the restrictive trend of its members' national policies, but is on the contrary an extremely powerful instrument for strengthening protective measures and incentives to agricultural and livestock production at the Community's high prices.

In regard to the effects, direct and indirect, of these restrictions and practices on the economies of the less-developed countries, it may be of use if I give some solid facts about my own country's economic activity during recent years. I do not mean, in so doing, to conceal or misrepresent our share of responsibility for the results of our economic management, but rather to direct the attention of Ministers to the following points.

For the separate years from 1958 to 1962 our gross national product at 1950 market prices, in thousand million pesos, has been respectively 73.9, 70.1, 73.0, 77.2 and 74.1. The stagnation of Argentina's economy is proved by its figures for the per capita distribution of this gross national product for each of those years: 3,685; 3,436; 3,526; 3,670 and 3,510 pesos.

Our country, I repeat, did not during those five years deviate from the principles or rules of GATT. Because it has a multilateral free-trade system without any restrictions, and a single fluctuating exchange market, likewise with no restrictions on the movement of capital or currency, its imports have risen considerably during the last few years.

This rise has not only exceeded its ability to pay, but has also constantly increased its debt, which it can only discharge out of exports within a moderate term if it departs from the principles and rules of GATT, decides to restrict imports, and at the same time received from the countries which have been its traditional customers sufficient encouragement by purchase and price to enable it to increase its agricultural and livestock production and, in like degree, its exports.

Nevertheless, it ought to be emphasized that Argentina has sufficient natural resources to be able to increase its basic production and exports greatly beyond the rate of recent years. The evidence for this is that, whereas during the five years 1925-1929 its exports at 1950 prices averaged much more than $100 per head of population, during the period 1958/1962 they have for lack of the necessary incentives I have mentioned, certainly only averaged $52 per head.
It has been estimated that Argentina will need to increase its exports to $2,000 million a year - about $100 per head of population - before it can save enough to build up a national capital which, together with foreign private investments, would fill its need for capital goods and equipment and enable it to make full use of its natural resources, transport systems, power, industries and the rest and so achieve a proper rate of growth. It could then much improve its foreign credit, obtain sufficient aid from foreign finance agencies, and establish conditions under which it need not unduly swell its public and private debt.

In spite of all those handicaps and limitations, the Government and people of Argentina are today making a sustained effort to create the minimum conditions indispensable for the execution of a programme of economic expansion and diversification which would give it larger exportable surpluses. However, our middle and long-term prospects make us doubt seriously whether we can find without hardship outlets for our exportable production at the levels it used to reach when our traditional customers did not apply restrictive measures or protect their own agricultural production at all costs.

Argentina's case is not isolated or exceptional, or very distinct from the general tendency to stagnation affecting the under-developed regions where economies are highly vulnerable to unfavourable fluctuation in volume and value of the exports of their basic products.

While the prospects for an improvement in this situation are unfavourable, the industrial centres which import and consume those basic products not only fail to take any effective action to give up practices restricting access to their markets, but persistently support their uneconomic agricultural production with subsidies and other artificial means, thus exerting indirectly but permanently, the influence I mentioned before, the effect of which is to depress the economies of the less-developed countries and hinder their proper expansion.

There also exists the danger that the increased agricultural production obtained by the subsidy policies which are now being shaped will be thrown on to markets both inside and outside the European area to constitute a really unfair competition which will distort international trade.

These gloomy predictions are not at all far-fetched, considering that we have experienced for years similar effects of programmes of subsidies to uneconomic agricultural production and exportation in other areas, leading to enormous agricultural surpluses.
If this situation is not appreciably changed, it seems certain that our exports, more than 90 per cent of which consist of cereals and meat, will receive no encouragement in the near future but will remain at levels which, because of the rapid increase of our population, will fall increasingly short of the minimum rate of growth necessary to lift the Argentine economy out of its present stagnation.

Then, if access to the markets of its traditional customers is still obstructed by a whole range of restraints on international trade which do not exactly comply with the principles and rules of the General Agreement, our country will have no alternative but to look for other solutions for the problems facing its international trade. Otherwise, insufficient increase in its exports due to want of encouragement from foreign markets will depress its basic production and, worse still, bring its economy to a standstill.

If it is admitted that the gulf between the degree of development reached by the industrialized countries and by the less-developed countries grows constantly deeper and that the growth of social pressures leaves very little more time in which to fill it, we must likewise admit that multilateral trade without restrictions or limitation of access to markets cannot be confined solely to trade in industrial products.

Primary products, in particular agricultural products, must not in any way be excluded from free trade; otherwise the whole burden of effort and sacrifice would fall on the economies of those countries which, because of the fact that they have not yet completed their development process, are particularly vulnerable to fluctuations in the volume and value of their exports; this is the case of Argentina, which is an exporter of agricultural primary products.

One imperative and urgent need at present is to create the requisite conditions for speeding up the rate of growth of less-developed countries. It is therefore also a matter of urgency for the industrialized countries to adopt new measures designed to assist the efforts being made by the less-developed countries to diversify their economies and improve their export earnings and export capacity.

The recommendations made to the Contracting Parties by the Ministers at their 1961 meeting have to date yielded only very limited results, particularly with respect to agricultural production in the temperate zone. Since that time no agreement has been reached on a basis for negotiation on practical measures aimed at creating acceptable conditions of access to world markets for temperate agricultural products, nor has it been possible to draw up an effective programme of action to permit the gradual elimination of non-tariff barriers which hinder free access to the markets of industrialized countries.
It is essential that this meeting should tackle these problems in a fundamental manner and outline appropriate solutions, in order to set in motion a broad dismantlement of restrictions. We should not give special attention here to tariff problems but should also consider all other restrictions, because the difficulties relating to international trade in agricultural products and to the adequate expansion of the economies of less-developed countries cannot be settled by solutions relating exclusively to tariffs.

The problems in both these fields still persist to their full extent. It is clear from the various reports submitted in this organization on these questions that the concessions granted so far have been thrown into imbalance because great progress has been made in tariff reductions on industrial products, in which the economies of the developed countries are most interested, while there has been but little headway towards freedom of access for the primary products from which the less-developed countries derive the export earnings on which their economy depends.

In recent years, the European countries have improved their standards of living to an appreciable extent, and this is due in part to the fact that they have applied among themselves a system of closely reciprocal treatment. The example of the European Economic Community is very indicative in this respect. If this same desire for solidarity could be translated towards the less-developed regions into practical measures for improving access of primary products to the principal consumer markets, this would be a real example of more effective international co-operation.

At earlier meetings we have listened with interest to statements by representatives of the industrialized countries calling for sympathy, comprehension and goodwill towards the problems of the less-developed countries.

The words of the spokesman for the EEC at the twentieth session of the Contracting Parties deserve special mention:

"Although the immediate concern of the Community is to meet its special responsibility with regard to the associated countries, it has never lost sight of the general responsibility devolving on all the industrialized countries in connexion with the general problem of under-development. This is not merely a matter of a moral duty of plain international justice, but a matter of evident interest which can be summed up in very simple terms: we must contribute to creating on the international level the essential prerequisites for the balanced development of all countries because we need this balanced development in order to ensure our own progress in the long term. That is why aid towards development cannot be conceived in terms of "donors" and "beneficiaries", but as a joint undertaking between partners whose rights, duties and responsibilities balance each other."
We should like to see the speedy translation into action of these principles of solidarity towards the countries which are economically weaker and which, in addition to all the disadvantages already mentioned, are also faced with the chronic problem of deterioration in the terms of trade due to the fact that prices of their export products are not keeping pace with prices of industrial products. This problem has very serious and unfavourable effects on the economy of the less-developed countries, since it causes a shrinkage in their import capacity, particularly with regard to the capital goods, equipment and basic raw materials which they do not produce and which are essential for speeding up the process of diversifying their exports.

We should not forget that an increased volume of exports at reasonably just and equitable prices is the principal means available to the governments of the less-developed countries in order to improve their terms of trade and increase their capacity to import from the highly industrialized countries.

This meeting is a magnificent opportunity for the Contracting Parties to GATT to reach a result which would constitute an equitable solution to these urgent problems. Any failure to do so would confirm the doubts of all those who believe that this organization, despite its good intentions, lacks the authority to induce governments to take the necessary practical measures to meet the justifiable requests of the less-developed countries.

The United Nations Conference on Trade and Development which is to take place in 1964 is a call for attention of all the contracting parties. One of the items on its agenda is a reassessment of the effectiveness of existing international organizations in the field of foreign trade. This is a fresh challenge which should encourage the Contracting Parties to adopt programmes for practical and effective action to infuse new energy into the organization and into the sound implementation of the wise principles of free and multilateral trade.

The various committees and working parties of GATT have prepared a number of conclusions and suggestions which we have before us; their adoption by the Contracting Parties is another real challenge to GATT to show powers of imagination and decision in order to reach the solutions called for by problems which have been vainly awaiting settlement for years past.

We fully support all the proposals made by Committee III after examining the Programme of Action submitted by the less-developed countries, and we also support the basic principles drawn up by the Working Party on Procedures for Tariff Reduction, with a view to the adoption of measures designed to ensure market access for agricultural products and other primary products.
I should like to emphasize particularly the suggestions regarding exceptions to the most-favoured-nation clause, consisting of the granting of preferences by the industrialized countries on certain products originating in less-developed countries, and of the granting of reciprocal preferences as between less-industrialized countries. We believe that the institution of such practices would be of great value to the less-developed countries in the world, for it would be a first real step towards the removal of tariff and non-tariff obstacles, on the basis of the principle of reciprocity weighted to take account of the acknowledged inequality in the efforts which countries can make, depending on the level of their economic development.

We hold the view that in the short or medium term it will not be possible to solve problems relating to agricultural products, particularly those of the temperate zone, until such time as effective solutions are found for affording full access for the basic production of the less-developed countries to the markets of the industrialized countries.

We have a basic interest in these agricultural products of the temperate zone, and in particular cereals and meat, and in our view, the appropriate way to seek effective solutions would be to endow the group on cereals and the group on meat with the requisite negotiating authority to transform them into useful instruments which, in regard to freedom of access, could formulate arrangements which would take proper account of the complex interests at stake and avoid any distortion of traditional trade flows.

As regards the long-term problem, we support the notion that a solution might be found in the conclusion of international commodity agreements provided that, in addition to negotiating problems of prices, production and surpluses as well as those relating to the food needs of the less-developed countries, appropriate solutions can also be found to the problems of freedom of access which are of the utmost importance in order not to discourage the expansion of efficient basic production in the less-developed countries.

We have already pointed out that until now GATT has responded to a sector of commercial needs which, unfortunately, is not the one taking best account of the interests of the less-developed countries. As suggested in the basic document before us, this organization must be enabled to carry out the responsibilities incumbent on it, by giving it a legal and institutional framework which would enable the Contracting Parties to carry out their present responsibilities in the matter.