The United States has submitted to this Committee the draft of a new GATT Chapter designed to accomplish three important things. First, to provide a firm legal basis for the work the CONTRACTING PARTIES are already doing in their effort to promote the economic growth of developing countries. Secondly, to formulate agreed objectives and commitments under which the CONTRACTING PARTIES will do their utmost to facilitate and stimulate the export earnings of developing countries. Thirdly, to provide a basis whereby the developing countries may enlarge their markets through regional arrangements. If this new Chapter receives the approval of the CONTRACTING PARTIES we believe that the developing countries can look forward with much greater assurance than is now possible to an era of expanding exports - an era in which their economic development will receive the maximum stimulus from their own efforts in the production and sale of goods to the rest of the world.

I believe it may be helpful and may save the Committee's time in the long run for me to recall briefly those previous developments in the GATT that have led us to table this proposal - to remind members of the Committee of the desirable elements which we have all agreed are lacking in the General Agreement as it is now written and to refer very briefly to the way in which we suggest that this gap be filled.

When the General Agreement was written in the period shortly after the Second World War it was natural that the CONTRACTING PARTIES devoted their immediate attention to the problem of restoring the normal trading relations which had been destroyed by preparations for war and the War itself. Most of the countries we now refer to as "less-developed" were not yet independent. Thus, the Agreement touched only very lightly on the special difficulties that new and under-developed countries would have in applying GATT provisions and touched not at all on the necessity for the industrialized countries to take positive action - going beyond their obligations toward each other - to facilitate the exports of the less prosperous countries of the world.
The circumstances that prevailed then have changed drastically, with the most rapid change coming in the decade of the 1960's. As early as 1955, GATT was modified so as to permit less-developed contracting parties to increase tariffs or to apply quantitative restrictions when needed to protect newly established industries. In 1958, the Haberler report, prepared under GATT auspices, drew particular attention to the rôle that increased exports could play in economic development. Shortly thereafter, GATT established a special committee (Committee III) to consider possible actions by the contracting parties to help less-developed countries expand their export earnings. Work in this Committee laid the groundwork for the adoption by the GATT Ministers in 1961 of a special declaration on promotion of the trade of the less-developed countries and culminated in the GATT Action Programme which was approved with certain qualifications by most GATT contracting parties at the ministerial meeting in May 1963. This programme, as you know, consists of a series of measures having to do with a standstill on new trade barriers to less-developed countries' products, reduction and elimination of existing restrictions, and the dismantling of fiscal measures limiting consumption of less-developed countries' products. The Ministers also agreed that there would be a reporting and confrontation procedure to allow a continuing check on progress achieved. This work plus elaboration of other measures to meet the needs of developing countries is already under way in the Action Committee established last year.

At the same meeting last May, GATT Ministers, in considering plans for the forthcoming Kennedy round of trade negotiations, agreed unanimously that every effort shall be made to reduce barriers to less-developed countries' exports, but that less-developed countries would not be expected to provide reciprocity, that is, they would not be expected, as are developed countries, to grant tariff concessions comparable with those they receive. So much attention has been paid to the rôle of the larger trading partner in preparations for the Kennedy round that there has been a tendency by some to overlook the tremendous importance that these negotiations can have for the less-developed countries.

A number of additional activities that can be of great assistance to the efforts of less-developed countries to expand their exports are now under way or planned in GATT. A special group on tropical products has been working to develop measures which will encourage increased trade in these products, which are, of course, of paramount importance to less-developed countries. Studies of individual development plans and programmes are being made with the objective of giving the less-developed countries sound advice concerning export possibilities which will be useful in their investment programming. This work is being conducted in close co-operation with other international bodies and will provide helpful background for agencies concerned with financial assistance to less-developed countries. GATT has also been providing for a number of years a technical assistance programme to train trade officials from less-developed countries, and is currently considering a new programme to provide trade information and assist them in their export promotion campaigns.
GATT's concern with the development aspirations of the less-developed countries is not new. GATT's activities in this area have been evolving for about a decade and have expanded and accelerated in the past five years. While many of these actions do not appear spectacular, we believe they constitute a consistent, serious, and fruitful programme of activity which has already done much to improve less-developed countries' export possibilities, and provides a firm basis for further progress.

In the first meeting of this Committee, we had before us a "Model Chapter" prepared by the Executive Secretary on the basis of which he hoped that the contracting parties would put their minds to the construction of a whole new section of the GATT, devoted to the trade needs of less-developed countries. At the close of the meeting the Executive Secretary proposed, and the Committee agreed, that our further consideration of this subject should be based on specific proposals by governments, and the members of the Committee were urged to submit drafts of their own as a basis for its future deliberations. This is what the United States has now done. Some other contracting parties have also submitted proposals, which, of course, we will want to study.

What does the new Draft Chapter proposed by the United States provide? I am not going to take up your time by reciting all of its provisions. The document is before you both in its original form and in the secretariat's very useful comparison of our proposal and those of other countries. But I will simply say that, like the earlier model prepared by the Executive Secretary, our Chapter contains:

- first a statement of the objectives that contracting parties should undertake on behalf of the trade of less-developed countries,
- secondly a series of commitments designed to reduce and eliminate as rapidly as possible tariffs and other barriers to imports from those countries,
- thirdly a liberalizing amendment to the existing provisions of the agreement which permit restrictions by less-developed countries for balance-of-payment reasons,
- fourthly a new set of provisions to permit regional preferential arrangements among less-developed countries, and
- finally a series of undertakings on the part of the contracting parties as a whole to co-operate together in joint action to stimulate the export potential of less-developed countries, in the interests of their economic development.

We have attempted to devise a set of objectives and obligations that have a real chance of acceptance now, in 1964.
It might also be useful to discuss briefly the way a new chapter could be added to the present GATT Articles. Our suggestion is that the present Part II - Articles III through XXIII - be divided into three chapters. Chapter 1 would consist of the present Articles III through XVIII. Chapter 2, the chapter on "Trade and Development", would consist of a broadly expanded Article XVIII containing a preamble and statement of objectives; Section A on measures to assist less-developed contracting parties; Section B containing the present GATT Article XVIII; Section C covering use of import surcharges; Section D on regional agreements for economic development; and Section E on joint action. The present Articles XIX through XXIII would thus become Chapter 3 of Part II. Inclusion of the new chapter in this way would avoid any need to renumber the present articles.

One question that is almost certain to arise is whether all of this effort is worthwhile. Is there, for example, any real merit in that part of our proposal that merely translates into written objectives and obligations those aims and principles that are already evident in the work of GATT? This is a legitimate question. I suppose we are motivated in part by an interest in orderliness - a desire that the language of the GATT conform to its practices. In the bureaucracy of the United States we have an institution known as a "job description". More than one civil servant has been known to say: "Why should I do that? It isn't in my job description". One of our purposes in submitting this draft has been to provide the GATT with a job description which will cover the tasks it performs. But that isn't the only reason. We believe that a clearer statement of our objectives on behalf of less-developed countries can be of practical value to governments in obtaining popular support for necessary decisions. The objectives are not merely words. They represent a practical rallying point around which concrete actions can be mobilized.
A criticism that is likely to be raised about our draft concerns Section A of the Chapter (which spells out the actions contracting parties would be committed to take to facilitate imports from less-developed countries). We have proposed language which would not require developed countries to act in the prescribed manner in every conceivable circumstance. The qualification we have suggested may not be the best. It is open to discussion. But the thought behind it is a simple one. I am sure that there is not an industrialized country in the GATT which could undertake without qualification and for an unlimited period of time such a sweeping obligation, for example, as a requirement to remove any fiscal measure which might hamper the consumption of any product of export interest to a less-developed country. Clearly, unless there is a provision which permits the industrialized countries to maintain some freedom of action in case of necessity, it would be impossible to obtain agreement. The interest of the less-developed countries lies in the dismantlement of barriers to their trade to the greatest possible extent, not in the formulation of obligations that governments will not accept or carry out. This is clearly an area in which the best can be the enemy of the good.

I do not want to leave this Committee with the impression that we are wedded to every word in our draft. We are anxious to have the suggestions of the Committee as to how it can be improved, but we believe we have put forward a proposal that is capable of achievement and will be of practical value to the less-developed countries.