Before coming to some of the specific proposals which my delegation would like to make, I think it would not be out of place here to refer to some of the major changes which have taken place since the General Agreement was negotiated nearly three decades ago. The cornerstone of the General Agreement is its most-favoured-nation principle. The drafters of the Agreement had considered preferences to be an exception to its general scheme of rules and froze the preferences which existed under the British Commonwealth, French and other preferential arrangements from further increases and extensions. And yet by about the middle of the sixties, a significant proportion of trade among developed countries— I repeat among developed countries— started moving on a preferential basis.

It is certainly not my intention today to consider whether these preferential arrangements are or are not consistent with the basic rules of the General Agreement or whether they are or are not compatible with the provisions of Article XXIV. I think however, it would be helpful to the work in which we are engaged if the Group takes note and recognizes that a large proportion of trade among developed countries was, in the past, carried on on a duty-free and preferential basis, and the proportion of such trade is steadily on the increase. It may be somewhat exaggerating to say that the m.f.n. principle has, instead of being a rule, become an exception. But one has to admit that even in the trade relations among the developed countries, serious inroads have been made in the application of the m.f.n. principle.

Until, however, the introduction of the Generalized System of Preferences by most of the developed countries some four years back, imports from developing countries into the markets of developed countries were dealt with on an m.f.n. basis and were subject to m.f.n. rates of duties. Thus, while in the late sixties, suppliers from some industrialized countries sold their products in other developed markets duty free, imports from developing countries had to pay duties on an m.f.n. basis.

Writing about the legal structure of GATT, a well-known jurist described the GATT rules as a "puzzle". He felt that, given the intricacies of GATT rules, its inequity and limitations, it was generally considered a surprise that the GATT as an organization should have survived so long.
If GATT rules are not to remain a "puzzle" and if the General Agreement is to remain not merely a passive instrument struggling for its survival but to become a dynamic and vigorous organization for the promotion of the trade and economic development of the developing countries in accordance with its objectives, it is necessary to amend and rewrite many of its provisions. I do not, at this stage, propose to suggest specific amendments to the various Articles but would deal with some of the basic concepts which would have to be incorporated in the Agreement to make the provisions more equitable from the point of view of developing countries, and to provide for them differentiated and more favourable treatment in their trade relations with developed countries.

The General Agreement will have to provide a firm legal basis for the GSP by incorporating a provision in the text itself. Many of the people in countries like mine, who are not familiar with the legal complexities and intricacies of the GATT's legal system, are intrigued at not finding any reference to the GSP, to which all developing countries attach importance, in the text of the GATT. Merely providing legal cover to the GSP is, however, not enough. The new provisions on the GSP would have to make improvements in the existing situation by providing a greater security to the concessions under the GSP. At present the concessions under the GSP are considered to be unilateral and as such could be withdrawn at any time by the developed countries granting the concessions. Countries which have built-in safeguard systems in the scheme, like tariff quotas or individual country ceilings, modify the limitations applicable to imports on a preferential basis - in respect of certain so-called sensitive products - so as to deny preferential advantage as soon as the exporting countries start developing sales. There have been cases where, during the annual reviews of the GSP schemes, which are intended to make improvements, a greater number of products have been withdrawn than have been added.

My delegation considers that the increased security to the GSP concessions could be provided by each developed country agreeing to bind all preferential concessions. The proposal to bind the preferential concessions has also to be examined in the light of the provisions in Article XXXVII:1(b), which states that developed countries should not impose new tariff and non-tariff measures for imports from developing countries. It is my view that these "standstill" provisions apply to the preferential concessions under the GSP. In addition to providing greater security to the GSP concessions, the new provisions would have to aim at making the schemes "non-discriminatory" in the real sense and provide that the preferential systems should be maintained and continued with improvements after the expiry of the present period of its duration.

The GATT rules in the field of quantitative restrictions were described as having had a perverse influence. To my mind, this may be an apt and appropriate assessment of the existing situation. Article XI prohibits the use of quantitative restrictions by developed countries, except when they are in balance-of-payments difficulties, and yet almost all developed countries - countries which are not in
balance-of-payments difficulties - maintain quotas or apply import licensing systems to a large number of agricultural and some industrial products in which developing countries have an export interest. Further, Article XII lays down the principle of non-discrimination in the application of the quantitative restrictions. But in the past, when these restrictions were removed in the OEEC scheme of trade liberalization, these were not removed on imports of all the countries which were outside the OEEC region. These are historical reasons for the existence in some developed countries of some of the discriminatory restrictions applied against imports from developing countries. The rules thus discriminated against developing countries.

The new rules in the field of quantitative restrictions would have explicitly to recognize that quantitative restrictions on products of interest to developing countries could be removed on a preferential basis if their removal on an m.f.n. basis is not immediately possible.

In addition, we feel that the General Agreement should contain provisions permitting an extension of more favourable and differentiated treatment to developing countries in other areas. We do realize that the specific provisions for this would have to be contained in the draft Codes or other legal instruments that are being negotiated in the multilateral trade negotiations. But we feel that the incorporation of such provisions in the General Agreement would provide a definite legal basis for the differentiated measures that may be included in other legal instruments.

It is not my intention, today, to comment on all the points in the draft Work Plan but, at this stage, I would like to make a few points on two other items. These are non-reciprocity and dispute settlement.

A layman reading the GATT rules relating to "non-reciprocity" is left thoroughly confused. Paragraph 8 of Article XXXVI states that the developed countries do not expect reciprocity for commitments made by them in trade negotiations to reduce tariffs and other barriers to the trade of less-developed countries. The only indication that there may be some further explanation can be had from the "asterisk" which indicates that there is an interpretative note. The note, however, about twenty pages further on says exactly the opposite. It states that the phrase "do not expect reciprocity" means that less-developed countries should not be expected to make contributions which are inconsistent with their expected development, financial and trade needs, taking into account consideration of past trade developments.

As I said, it is not my intention to make in the meeting today, specific drafting suggestions. All I would like to say is that the provisions will have to be redrafted and to stipulate, as proposed by Brazil, that developed countries shall not seek, neither shall developing countries be required to make, equivalent concessions in trade negotiations.
On the question of dispute settlement, the existing procedures may have to be modified to provide a certain degree of automacity in raising the complaints by developing countries in the GATT. At present, because of their weaker bargaining position and the absolute lack of capacity to take retaliatory actions, there is a general reluctance on the part of these countries to bring the matter to GATT, even though the measures taken may be affecting the export interests of the country. This could perhaps be achieved through improvements in the notifications procedures and by giving mandate to the secretariat to bring to the attention of the body that may be set up any measures that may be affecting the trade interests of developing countries. As in a large number of cases, developing countries would have to rely on provisions in Part IV, particularly those of Article XXXVII. The effectiveness of any dispute settlement procedure would depend on how far the "qualifying clauses" applicable to the commitments are removed and obligations to give priority to the removal of barriers and for the maintenance of standstill are made more binding.