1. My delegation attaches great importance to the work of this Group. The Ministers who met at Tokyo mandated us that "consideration shall be given to improvements in the international framework for trade and to ensure that any measures introduced are consistent with the overall objectives". The negotiations aim at ever-greater liberalization of world trade and improvements in standard of living and welfare. They are to secure "an increase in foreign exchange earnings of the developing countries, the diversification of their exports, the acceleration of the rate of growth of their trade, taking into account their development needs, ... and a better balance as between developed and developing countries in sharing of advantages". We consider, Mr. Chairman, that this Group has a central and not a peripheral role in carrying out the mandate given to us by the Ministers in Tokyo, and in providing within the General Agreement principles and procedures for achieving, on an enduring basis, the objectives set for the current negotiations.

2. As a matter of fact, it is pertinent to recall that the founding fathers of the General Agreement themselves had placed before the CONTRACTING PARTIES the objective that, in the field of trade and economic endeavour, their relations should be "conducted with a view to raising standards of living, large and steadily growing volume of real income and expanding production and exchange of goods". Of course, in the initial stages, the problems of developing countries were not so much to the fore, but during the last couple of decades GATT has tried to understand how best the developing countries could make their contribution to world trade and expanding production and exchange of goods. During the operation of the Agreement, it seems that some of the "ground rules" operated as handicaps for the developing countries in their efforts to realize to the full their potential for making their contribution to international trade. Over the years, some success has been achieved in overcoming some of these handicaps. Nevertheless, the progress is inadequate and much remains to be done before the potential of the developing countries can be activated to have its full impact on international trade exchanges.
3. I am sufficiently encouraged by some of the statements made by the representatives of the developed countries yesterday to feel that we are about to face realistically what some of us have felt all along, in regard to what GATT can and should do to realize the objectives which the founding fathers had set themselves.

4. While we would await the detailed documents promised by the United States, we perceive in the statement made by their distinguished representative a willingness to bring about improvements in the framework of world trade. The Japanese delegation emphasized better implementation of the agreed rules. This is an important aspect to which I shall revert later, but I would hope that the Japanese delegation would elaborate, possibly with examples, the areas where shortfalls in implementation have occurred which would merit serious attention of the Group. I am sure that the delegations of United States and Japan can make a very important contribution to our work in this sector and help in resolving the problems we face.

5. To the European Economic Community, I must give credit for having shown how preferences can be an effective technique for expansion of trade. One has only to see the development of the trade of the EEC with some of its neighbours to come to the conclusion that such a trading system can be a powerful instrument for promotion of trade and growth. Perhaps, our distinguished friends from the Community could draw upon their practical experience to show us the way to use the concept of preferential trade for enabling the developing countries to contribute to the expansion of trade amongst themselves and also between them and the developed contracting parties.

6. The distinguished Ambassador of Brazil has presented a very useful paper and I congratulate him for it. A lot of thought and effort has obviously gone into its preparation. The paper brings out many of the concerns and problems of developing countries and would help in the deliberations of the Group. He proposed yesterday that as a first step in this direction, an exception would need to be written into the text of Article I of the General Agreement. My delegation believes that additionally it will be necessary to enunciate this concept into a working rule for regulating trade among developing countries and between them and developed contracting parties. We have now had some experience of the practical functioning of the waiver granted by the CONTRACTING PARTIES in their decision of 25 June 1971. This experience in our view will be a very valuable guide for the work of this Group in devising a legal basis for a secure and stable system to consolidate the beneficial aspects of the work which the CONTRACTING PARTIES have so far been able to attempt in an ad hoc manner.
7. The distinguished delegate of Egypt yesterday drew attention to the adverse effects on the trade of developing countries of certain preferential arrangements worked out amongst the developed countries. A cardinal principle of the system we are suggesting should be that no developed country shall place the trade of a developing country at a disadvantage compared to the trade of another developed country. Whatever arrangement in any field of trade is worked out among developed countries, a rule of trade should be that no developing country would thereby be allowed to be placed at a disadvantage.

8. We are not suggesting the discarding of the m.f.n. principle, but an evolving concept of the m.f.n. principle which would recognize and incorporate the compulsions arising from the economic and development needs of the developing countries. In our view, the assumption that some problems may arise as a result thereof, would not be an adequate ground for not taking this step. For three decades, the developing countries have lived with a framework unsuited to their requirements. We are living in a dynamic situation and it would be the duty of trading nations to review the position if some problems were to arise. I am not going into the mechanics of whether Article I has to be amended or a new article added to the Agreement. I would suggest, however, that there should be a body in GATT, to keep under surveillance the implementation of this preferential system, primarily with a view to securing that both developed and developing countries make an adequate contribution to the further growth of trade between them.

9. I referred in the beginning of my statement to the basic objectives of these negotiations and of the GATT, and the need for positive action in regard to the trade and development process. GATT, which considers itself a leading international institution in the field of trade should, in co-operation with other international economic institutions, play a dynamic rôle. The concept is not new: in Article XXXVIII, the contracting parties agreed to collaborate jointly, "within the framework of this Agreement and elsewhere" and "seek appropriate collaboration in matters of trade and development policy with United Nations and its organs and agencies", for attainment of principles and objectives of Article XXXVI. The time has come to give a more precise shape to it and we suggest that the Lima Declaration and Programme of Action provides one such objective, in laying down the target of 25 per cent share for developing countries in world manufactures by the end of the century. I am not talking about rights and obligations here, so much as a series of co-operative programmes for joint action in pursuance of Article XXXVIII, so that the basic objectives of the GATT and the Tokyo Declaration are achieved more readily.
10. In this context, also, I would draw attention to the reference already made by the Ambassador of Brazil to the need for improving Article XVIII. Its inadequacies and cumbersome procedures have prevented it from being a useful vehicle. In addition, we propose, Mr. Chairman, the incorporation of the principle that "the developed countries should facilitate the development of new policies and strengthen existing policies that would encourage domestic factors of production to move progressively from lines of production which are less competitive internationally, especially where the long-term comparative advantage lies in favour of developing countries, thus providing, inter alia, larger export possibilities for developing countries and contributing to their development objectives. The development and strengthening of such policies would encourage the re-deployment of the industries of the developed countries which are less competitive internationally to developing countries, thus leading to structural adjustments in the former countries and a higher degree of utilization of natural and human resources in the latter". I have quoted this from the UNCTAD Resolution 96(IV). This has relevance both to Articles XVIII, XIX and several other provisions.

11. Part IV of the GATT was a special attempt to provide a differential and a more favourable treatment to developing countries. I would not dwell at length on the question of reciprocity and Article XXXVI, paragraph 8. My colleagues from Brazil and Egypt have already spoken about it. Our own experience unfortunately does not enable us to agree with those developed countries who argued yesterday that in various negotiations they have not insisted upon full reciprocal concessions. We feel it is necessary to strengthen these provisions and the suggestions already made could be a basis for it, and we particularly commend the observations of Brazil on valuation of concessions and the Egyptian proposal on reformulation of Article XXXVI(8). What my delegation wishes to highlight is the implementation of Part IV itself. While we would have some elaborations in this part to suggest at a later stage, I would take up now the question of implementation of what was already agreed - to take up the point made by Japan. We believe that the time has come for a regular consultative group or committee to be set up to oversee the range of activities covered by Articles XXXVI to XXXVIII.

12. As regards the general question of consultation and dispute settlement, it hardly needs to be emphasized that the system requires to be improved from two points of view, viz, that the developing countries have an effective voice in the system and secondly, that they receive a fair and equitable deal. The latter would also imply quick decisions to be taken where developing country interests are adversely affected and their implementation by the concerned parties. As Brazil has pointed out, the deterrent of retaliation is non-existent in the case of developing countries. They, have, therefore, to rely on the collective consciousness of trading partners and their collective will and efforts, not only for settlement of disputes, but for due observance of various principles underlying the General Agreement. This would imply strengthening of the multilateral surveillance system, extended also to various codes evolved under the General Agreement.

We would elaborate and amplify these concepts in our future deliberations.