

Interview with Mr. Olivier Long

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INTERVIEW WITH MR. OLIVIER LONG

Mr. Olivier Long was Switzerland's ambassador in London before succeeding Sir Eric Wyndham White as Director General of GATT in May 1968. He kindly gave us an interview in the elegant Geneva villa which serves as GATT's headquarters.

The GATT, or General Agreement on Tariffs and Trade, is a multilateral treaty now signed by about 80 governments, known as Contracting Parties, and respected by a further 20 nations. This treaty lays down an international code of conduct in respect of trade and tariff barriers. Signed on 30th October, 1947, it came into force on 1st January, 1948 and has remained since that day the only international instrument laying down rules for trade and accepted by the overall majority of industrial nations.

This General Agreement is administered by a Secretariat under a Director General established in 1948. For the past 20 years it has been wholly engaged on work for the Contracting Parties to the Agreement.

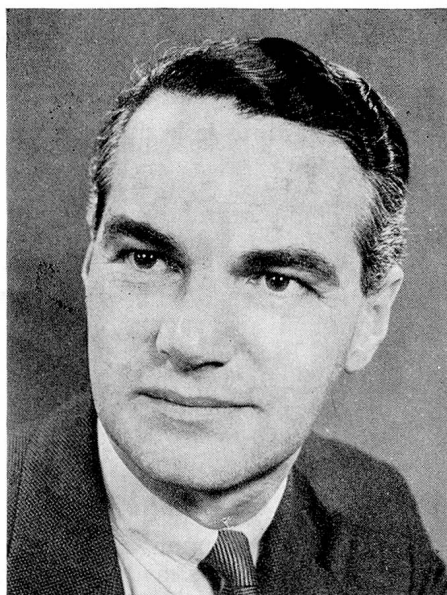
Although the text of that Agreement is a most elaborate document, it is governed by four main principles. The first is that trade should be conducted on the basis of non-discrimination. That is, all the countries having signed to the Agreement should behave with each other equally and equitably. The second principle is that protection shall be given to domestic industries exclusively through the customs tariff and not through other commercial measures. Thus the use of import quotas as a means of protection is prohibited. They can be used to redress a country's balance of payments under carefully defined conditions. As for the American 10 per cent surcharge of imports, although it went against the purpose of GATT, which is to favour international trade, it could not be considered straightaway as an infringement of GATT rules. A special committee had to be formed within GATT to examine whether American policy was permissible.

The third—and basic—principle is that all the mutual problems and complaints of the Contracting Parties should be solved by consultation. This is aimed at avoiding damage to the trading interests of those countries. It must be pointed out that GATT is not a tribunal and has no means of enforcing the application of its international code of conduct. Its rules are often breached and the American Government did not wait for the verdict of GATT to impose its 10 per cent surcharge. This is the reality of international life. Nevertheless, the principle of consultation has brought a series of positive results. Thus complaints by

Chile against Australia, by Norway against Germany, by the UK and France against Greece have been successfully dealt with by negotiation at the GATT.

Finally, GATT provides a framework within which negotiations can be held for the reduction of tariffs and other barriers to trade and a structure for embodying the results of such negotiations in a legal instrument.

There is a permanent delegation from over 50 GATT countries in Geneva. This is the GATT Council which



discusses daily on commercial and economic affairs. Its decisions are submitted to the GATT Annual Assembly. The Secretariat furthermore embodies a research and information department responsible for the production of extensive GATT literature and for doing the groundwork necessary for the new international legislation which GATT is promoting in various fields.

The standing Council at GATT Headquarters do not only discuss questions of tariffs and trade barriers. They study the problems of developing countries, and touch on agricultural commodities trade and such topics as disposal of surplus and subsidies.

The informational role of the GATT has been greatly enhanced by the creation in 1964 in Geneva of the International Trade Centre. It is jointly managed by the GATT and UNCTAD (UN Conference on Trade and Development) and is responsible for carrying out market research, for preparing monographies on trade and publishing commercial statistics, for promoting the exports of many African, Latin American and Asian countries and for organising specialised courses. Most of its work is for the benefit of developing countries.

The GATT Secretariat, including the permanent Council and the International Trade Centre, employ about 400 people, all of whom are under Mr. Long's management. Their running budget is about six million dollars a year.

Mr. Long in fact compares his job as Director General of GATT to that of the manager of a company. He has to manage an organisation, he must take decisions all day long and make people work harmoniously together—which is after all what managers are supposed to do. He was elected rather to his own surprise by the Contracting Parties of GATT. He had behind him a long experience of commercial negotiations, having been Delegate to Commercial Agreements for 12 years, and having worked in Paris for the OEEC and in Stockholm for EFTA.

If his job requires administrative skills, it also makes diplomacy mandatory. The GATT brings together countries as antagonistic as the United States and Cuba, Israel and Egypt, South Africa and Zambia. But the strict rule is that they should talk of trade and commerce and nothing else during their regular sessions. "Daggers must be left in the cloakroom", says Mr. Long. And wisely too, for no constructive work could be performed if politics emerged in the debate and the permanent Council would soon be in shambles.

"My job is to keep delegates working quietly", added Mr. Long, who had just left a sitting of the Council in the middle of a debate on Rumania's admission to GATT for our conversation.

"GATT's job is to prevent nations from doing silly things. We are there to forestall the crisis situation which prevailed in the thirties, when there were 300,000 unemployed in Switzerland. This means that all countries must abide by a set of rules and develop their mutual trade through consultation. Consultation and multilateral diplomacy is the only way of preventing the recurrence of a world depression".

The Council, chaired by the President of the Contracting Parties, is kept busy debating on technical and administrative issues. But it must be kept working in a given direction. Guiding the debates is the most important responsibility of the Director General. Mr. Long says that it his job to "create a consensus". The 80 nations of GATT necessarily have diverging policies. If a new agreement on one of the many questions examined by GATT is to be reached, then points in its favour must be put forward with the necessary persuasiveness. This is, together with what he calls "*réparer les pots cassés*", Mr. Long's trickiest task.

A major trend in the operations of GATT is the growing importance of third world countries. Mr. Long underlined that GATT, unlike rich-country organisations like the OECD and the Central Bankers Club in Basle, is open to poorer countries and prosperous nations alike. In fact, developing countries are not influenced in their decisions by big powers and take the initiative at the GATT Council.

GATT is an important source of international legislation. One topic about which Mr. Long has been particularly concerned is international handling of pollution. Some industrial nations will soon have to invest heavily on the means of reducing effluents and wastage. They will therefore be at a disadvantage with regard to other countries having fewer investments to make in this field owing to the different nature of their economy. GATT's research department has therefore investigated the implications for international trade of the protection of the environment and drafted the proposals intended to limit its effect on the growth of commerce. The problem has admittedly not yet become actual, but it is necessary to make provisions long in advance. The GATT document on concerted environmental control was published in September and was outlined in every important newspaper of Europe.

The ball must be set rolling by Mr. Long himself. He must again "create a consensus" and make politicians hitherto unaware of this particular problem convinced of its relevance. This implies visits to the ministers of the most important capitals of GATT member-countries. Governments have to be convinced first because, as Contracting Parties of GATT, they are to decide at the Annual Assembly whether a new agreement is to be included in its body of rules. The machinery is bound to be slow but the GATT will probably embody an agreement on pollution within one or two years—long

before this problem begins to hurt international trade.

The importance of international trade is perhaps not grasped by everybody. However, it is vital for the buoyancy of any national prosperity. Most periods of depression have coincided with slumps in international trade. Nations are nowadays so interdependent that prosperity can only be achieved together, hence the importance of GATT. Mr. Long had a fitting way of describing his responsibilities: "I am like the

general manager of a company. The shareholders are the member states, and the increase in business is the growth of world trade. Last year I was able to report a 14 per cent increase in world trade to my shareholders".

Mr. Long may not have quite as much power over the progress of international trade as a manager over the success of his company, but he nonetheless stands for one of the most important instruments of world prosperity.

TECHNICAL ITEMS

(OSEC)

Remarkable growth in health insurance in Switzerland

One of the branches of insurance with the highest rate of growth in Switzerland is private health insurance, practised by a certain number of companies without any support from the government. In 1960, the value of premiums totalled 26 million Swiss francs; 10 years later the figure was 7 times as high. In fact in 1970 this branch collected S.Fr. 188 million in premiums, i.e. 18 per cent more than the previous year. Admittedly, a considerable part of the growth in premiums corresponds to an increase in rates made necessary by the adaption of benefits to increased wages and living costs. These S.Fr. 188 million are offset by 113.3 million francs' worth of benefits paid out in the form of payments to insured persons, hospitals, doctors and medical aids, as well as a sum of S.Fr. 45 million for building up reserves to cover pending claims.

Co-operation between German, French and Swiss manufacturers

Within the framework of an exclusive licensing contract signed recently the Automatic Lathe Manufacturers, Conver Maschinenbau GmbH, of Reutlingen and Lomersheim (Germany) and Manutar Co. Ltd., of Geneva (Switzerland), have worked out the conditions governing the manufacture and sale of the coil turning automatic "Convermatic RF 16" produced by Conver. Conver's engineers, who played a decisive part in the production of this lathe, will continue to work on its development in co-operation with specialists from Manutar. Production and world sales, on the other hand, are from now on to be handled by Manutar. It should be pointed out that this co-operation agreement was signed 18 months after the merger agreement made between Manurhin-Tarex Co. Ltd.

(Mulhouse-France) and Tarex-Manurhin Co. Ltd. (Geneva-Switzerland). Thanks to this expansion of its programme, Manutar (Geneva) is able to offer a wider range of products; in this way the firm answers the growing requirements of the clientele as to quality and range of use.

Switzerland's contribution to the development of Madagascar

The Federal Council has released a sum of 1,080,000 Swiss francs, from the funds of the Technical Co-operation Programme, in favour of a scheme for developing the dairy industry in Madagascar, under the supervision of the United Nations Children's Fund (UNICEF). For the next 5 year period, UNICEF has set itself the goal of providing a supply of milk, either free or at reduced cost, to destitute women and children in Madagascar. In addition, this international organisation will try to offer the population of Tananarive and its surroundings a constant supply of good quality milk and dairy products at moderate prices. A few months ago, Switzerland released a sum of 750,000 Swiss francs for a scheme developing the vineyards on the island; under the terms of the agreement signed between the two countries, Switzerland agrees to make available two experts as well as the necessary demonstration equipment and ensure the technical supervision of the scheme, the Madagascan government covering the expenses incurred on the spot.

The cost of research in the Swiss pharmaceutical industry

In order to remain competitive, the pharmaceutical industry has to devote enormous sums to research; this represents a burden that only the biggest firms are able to support. The general tendency towards mergers now ap-

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