

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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SWITZERLAND: STATEMENT BY MR. KURT FURGLER, FEDERAL COUNCILLOR,  
HEAD OF THE FEDERAL DEPARTMENT OF THE PUBLIC ECONOMY,  
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,  
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

I should like to express my great appreciation to the Government and the people of the Eastern Republic of Uruguay for hospitality they are extending to us at Punta del Este which, I am sure, will have a favourable influence on our work. I should also like to address you personally to express my sincere congratulations on your brilliant election. With your experience as a statesman and your spirit of conciliation you will lead our work in the right direction and help us to achieve a successful outcome.

Since the General Agreement entered into force in 1948 there have been far-reaching changes in the framework of the world economy: the collapse of the Bretton Woods monetary system, successive oil crises, slowing down of growth, over-indebtedness, unemployment. In addition, we are faced with new forms of competition and world trade is flagging. Despite the recognized benefits of liberalized trade the international trading community has reacted defensively by a multiplication of protectionist measures and by falling back onto regional or sectoral practices. The world trading system is responding less and less to the problems and situations of today:

- The authority of the system has been eroded by recourse to measures which are inconsistent with the GATT or for which the latter makes no provision. Law and reality no longer correspond, resulting in uncertainty and a crisis of confidence.
- Notwithstanding a relatively favourable trend in the economic situation, recovery of international trade is still hesitant and varies from one country to another, making all the more difficult any solution of the problems of indebtedness and unemployment.
- Lastly, non-commercial factors such as financial, monetary or economic policy, even policy as such, are having an increasing impact on trade.

All the governments represented here realize that we cannot continue along this path. We must act. This common perception is fundamental. How can we not succeed, then, here and now. For Switzerland, this implies launching a threefold process in the framework of one negotiation:

- First of all to strengthen, adjust and broaden the multilateral trading system durably so as to create more stable and more foreseeable conditions of trade policy.
- To improve market access by the exchange of concrete concessions in pursuance of those new rules.
- Lastly, to enable GATT as a community of trading nations to make its voice better heard regarding the conditions required at the level of economic, financial and monetary policy, in particular, to ensure proper functioning of the trading system. In parallel, links will have to be tightened between GATT and the institutions of Bretton Woods so as better to integrate trade policy considerations in international economic co-operation.

The negotiations necessary for achieving these objectives will be of an unprecedented nature. What is at stake is, quite simply, to develop a trading system for the year 2000 and beyond. It is readily understandable that some of us may be reluctant to take up this challenge which concerns the future of our society and that they might prefer to limit themselves to individual or short-term objectives. Interdependence, however, is a global reality which we shall be unable to take on except through a collective and long-term approach. The innovations that have become necessary are not intended to set aside what has been achieved already; on the contrary they are essential to preserve it.

It is in this perspective that Switzerland views the problem of services in particular. The question is not to determine whether services should be taken up or not, but whether we are prepared to see them continue to be the subject of bilateral and uncontrollable trade-offs outside GATT or, on the contrary, would prefer to bring them under a multilateral and negotiated discipline within the framework of GATT. In other words, what we are attempting to do, at this stage, is to devise a legal instrument defining the multilateral rules under which market access can be negotiated in sovereign fashion. Was this not the course we chose to follow, successfully, 40 years ago for trade in goods?

We have assembled here to open officially new multilateral trade negotiations after determining their objectives, subjects and modalities. To assist us in doing so, we have before us a draft Declaration which is not only comprehensive, representative and realistic, but has been extensively and meticulously negotiated in the course of the last few months. It should be possible to reach a consensus on this text which in no way prejudices the results of the negotiations on which we shall all have an opportunity to give our views in due course.

Allow me to make two final remarks:

- First of all, I must emphasize that it is of great importance for Switzerland that the opening of the negotiations should be accompanied by a standstill; that is to say by a halt in

recourse to protectionist measures. The standstill will be a token for world opinion of the seriousness with which each participant comes to these negotiations. Any further action taken during the negotiations with a view to reducing existing protectionism will then add all the more to our credibility.

- Furthermore I would like to express the heartfelt wish that these negotiations should be conducted in a truly multilateral fashion. For this purpose, they must be considered as a whole and carried out with transparency. It will be no less important for us to negotiate each issue in relation to our respective interests and not on the basis of rigid regional groups. This will be the best guarantee of constructive debates and, above all, of a global result embodying advantages for everyone.

Our political credibility does not depend on the frequency or solemnity of our statements but on actions that should themselves be founded on a system whose authority we shall have succeeded in re-establishing. It was in this spirit that we participated in the preparatory work. This is the spirit which we hope to share with our partners in the course of the negotiations in order to arrive at a result beneficial for the community of trading nations and, through that community, for each of our countries.