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BANGLADESH: STATEMENT AT THE MEETING OF THE GATT CONTRACTING
PARTIES AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

I am particularly honoured and pleased to have the opportunity to address the GATT Ministerial meeting for the launching of the New Round of Multilateral Trade Negotiations. My pleasure is so much the greater as I am doing this in Uruguay, a developing country and it is chaired by a distinguished personality like yourself. We are confident that under your wise and experienced leadership, this conference will fully achieve its objectives.

Four years ago we had met in Geneva in the backdrop of serious disregard of GATT discipline, lack of convergence in national economic policies and intensification of protectionist pressures on governments. We met to reverse those trends and firmly re-establish the GATT system of open multilateral trade. It was clearly recognized at the time that the deep and prolonged crisis of world economy which had severely depressed levels of trade and production particularly in developing countries, could be alleviated through a fresh resolve to overcome protectionist pressures, promote the liberalization and expansion of trade and build up a renewed consensus in support of the GATT system, so as to restore and reinforce confidence in its capacity to provide a stable and predictable trading environment and respond to new challenges.

In spite of strong affirmation of our commitment to abide by GATT obligations and support and improve the GATT trading system, the world trading community hardly achieved any success towards further liberalization and expansion of trade and in maintaining the GATT disciplines. In fact, there was a significant deceleration in the growth in world trade, reflecting a decline in the growth from 4 per cent in 1973-79 to 2 per cent in 1979-84. After a brief upturn in world exports in 1984 to 9 per cent, it had again slumped to only 3 per cent in 1985 and the declining trend continues. Meanwhile, the persistently falling commodity prices, shrinking financial flows, even to the poorest and least-developed countries, maintenance of high real interest rates, deteriorating terms of trade, volatile exchange rates and excessive debt burden of most of the developing countries, have indeed deepened the world economic crisis. This has been exacerbated by an unprecedented upsurge of protectionist pressures in the developed market economy countries, resulting in growing lack of respect for GATT rules. It appears that the objectives and principles of multilateral trading system which was to provide a framework of international trade to stimulate and sustain a high rate of growth in the world economy through an expanding volume of international trade, have

given way to "managed trade". This trend has unfortunately become all pervasive covering almost all sectors of critical importance to world trade, including sectors like textiles and clothing, agriculture and tropical products, to name a few. It is in this background that the contracting parties of GATT have again met together today at a ministerial level in an attempt to overcome the threats to the functioning of the open multilateral trading system and the launching of a new round will critically depend on whether it succeeds in building up a consensus against protectionist pressure in all sectors and create conditions for re-establishment of the principles of comparative advantage and promote liberalization of world trade and forcefully resist any move to make "managed trade" as permanent and irreversible. For the poorest and least-developed countries, it is of vital importance in view of their worsening economic situation and the desperate need to overcome their most formidable structural problems through diversification and expansion of exports and substantial increased flow of external resources.

During the long preparatory process for this Ministerial meeting the major problems which afflict world trade and the functioning of the GATT open multilateral trading system, have been dealt with in great detail and need not be repeated here. I would, however, underline the basic elements for successful launching of the negotiations, in areas relating to commitments on standstill and rollback, effective surveillance of such commitments, a comprehensive agreement on safeguards based on the elements agreed to in the 1982 Ministerial Declaration, prompt and effective resolution of trade disputes, improved surveillance and monitoring mechanism for the GATT system, strict adherence to the principle of differential and more favourable treatment for developing countries as enshrined in Part IV and the enabling clause, increased importance to ensuring strict observance of GATT discipline as well as effective liberalization within time-bound programmes in sectors like textiles and clothing, agriculture, tropical products, natural resource based products, tariff and non-tariff measures.

During the last few years it was increasingly evident that some non-traditional items other than trade in goods have assumed significant importance in the development of trade and in achieving positive growth rate in world economy. We hope that a satisfactory solution to the question of treatment of such non-traditional items in GATT will be found in the New Round of trade negotiations.

As I have explained before, while the developing countries continue to languish in the face of deep and prolonged crisis of world economy, the economic condition of the least-developed countries in particular, remains critical. As a case in point, the situation in Bangladesh continued to worsen. Over the last five years, our exports rose from US\$721 million to only US\$... million. As against this, our imports grew from US\$2,366 million in 1979-80 to US\$2,700 million in 1984-85, thus widening the gap in our trade balance. Bangladesh's terms of trade have declined to such an extent that today our exports buy only one third of what they used

to do a decade before. This situation is symptomatic of what has happened to the least-developed countries in general whose share in world trade has progressively shrunk over the last decade. Even these countries have not been spared from the proliferation of protectionist measures in many developed market economy countries, covering sectors of critical importance to them like textiles and clothing. It is absolutely essential that these countries be allowed unhindered into the markets of other countries particularly the developed ones, if they have to diversify and expand their exports and enter new areas and try to break away from the most formidable structural problems they are faced with. It will call for a set of special measures in favour of these countries. The 1982 Ministerial Declaration had made a promising start in this respect. We would expect the New Round to give further impetus to the measures which have already been agreed to and expedite their full and effective implementation.

The position of my country on different issues relating to the New Round is well-known and has been clearly expressed during the preparatory phase. Based on these, I would like to sum up and reiterate the following points, among others, which my delegation considers vitally important for the successful launching of the New Round of multilateral trade negotiations:

(i) The New Round must aim at expansion and greater liberalization of world trade through progressive dismantling of obstacles to trade and strengthening of the international framework for the conduct of world trade. In this context, a credible commitment to standstill and rollback of protectionist measures and establishing of enforceable surveillance machinery, are essential.

(ii) The New Round must aim at securing substantial benefits for the trade of developing countries and acceleration of the rate of growth of their trade through significant improvement in the condition of access for the products and adoption of measures to attain for them stable and remunerative prices for processed and semi-processed commodities.

(iii) The New Round must be able to effectively reduce or eliminate all types of tariff and non-tariff measures, with particular emphasis on non-tariff barriers.

(iv) It must be able to adopt a multilateral safeguard system with a view to furthering trade liberalization and fully preserving its results.

(v) The negotiations should be able to develop effective arrangements for resolution of trade disputes and for overseeing and monitoring of the implementation of such procedures.

(vi) The negotiations should be able to effectively liberalize trade in agriculture, textiles and clothing, tropical products etc. which

are of critical importance to the developing countries. It must aim at the dismantling of non-GATT devices which are often resorted to as an instinctive response to trade problems in order to avoid or defer adjustment measures, so vital for preservation and maintenance of the multilateral trading system.

(vii) The principle of preferential and more favourable treatment for the developing countries, as enshrined in Part ... and the enabling clause, must be strictly adhered to and further developed in the New Round, in all areas including textiles, clothing and agriculture.

(viii) The New Round should be able to elaborate further on the measures which were agreed to in the 1982 Ministerial Declaration in favour of the least-developed countries. It will be expected to adopt a time-bound programme to give effect to a set of measures including:

- (a) Complete duty-free access to all exports from the least-developed countries, including export of all types of textiles and clothing, tropical products and agricultural items, in processed as well as semi-processed forms;
- (b) Elimination of all types of non-tariff measures including quantitative restrictions and other measures affecting the products exported from the least-developed countries;
- (c) Application of flexible rules of origin in respect of exports of the least-developed countries;
- (d) Preferential treatment to the least-developed countries in the application of safeguards, dispute settlement, MTN agreements and arrangements and all other related measures in which these countries are at a disadvantage in relation to others;
- (e) Provisions of significantly expanded technical assistance programmes for these countries, to help them in the negotiations as well as in utilizing the facilities available to these countries.

(ix) The New Round should allow broadbased participation including all developing countries who will show interest in negotiations, in order to make them truly global and multilateral and be of benefit to international trade in general.

The tasks, as we have set for ourselves, will not be easy. But we sincerely hope that the New Round of multilateral trade negotiations which we are going to launch, will prove equal to the challenge and will succeed in building consensus for effective trade liberalization in all areas of trade. We are convinced that the new GATT round is a chance and perhaps the last chance of the century, to strengthen international economic collaboration in the vital area of trade and to reconstruct the forms and procedures of a multilateral trading system, which served the world community so effectively during the last few decades.