

GENERAL AGREEMENT ON TARIFFS AND TRADE

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FEDERAL REPUBLIC OF GERMANY: STATEMENT BY DR. MARTIN BANGEMANN,
FEDERAL MINISTER OF ECONOMICS, AT THE MEETING OF THE
GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,
15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

Mr. Chairman, I congratulate you on your very responsible office and wish you, in all our interests, much success in your extraordinarily important and at the same time difficult task. I thank your country for the generous hospitality it has accorded to the participants at this meeting of the GATT CONTRACTING PARTIES.

We are now facing what is probably the most important step in trade policy in this decade, the decision on the start of a New Round of multilateral trade negotiations, in GATT. We are facing the decision to strengthen and expand the GATT system of open multilateral trade, to strengthen and really promote its objectives. Our decision will have effect over a long number of years.

The new GATT Round must pursue three main objectives:

1. To offer more effective resistance to the forces of protectionism that are still virulent and constitute a danger in many parts of the world;
2. To promote the reduction of obstacles and distortions to trade, i.e. to achieve greater liberalization of international trade;
3. To strengthen GATT as the framework for world trade with as few hindrances as possible.

1. It is still popular to call for protection, instead of making greater efforts to maintain and improve competitiveness, although this is a fateful course to adopt. Bad experience with the short-lived and only apparent success of protectionist measures is repeatedly brushed aside. Trade balance deficits are the occasion to demand intervention in trade. It is too easily overlooked that disequilibria and problems in international trade are often symptoms of more deeply rooted problems. We must tackle and eliminate these problems. Protectionist intervention is the wrong cure in the wrong place.

I will not deny that there has been some progress. We know more about the costs of protectionism. Our political awareness and with it political resistance have been sharpened. Nevertheless, protectionism has remained the major threat in trade policy.

I have no doubt that opening the New Round will be a particularly effective, perhaps the most effective, weapon against protectionism.

2. The relation between trade and economic growth is acknowledged. We need both. Access to export markets is crucial. But also imports are indispensable for the growth of an economy. The trade route can only be travelled successfully over the longer term if both the import and the export lanes remain open.

In this context I do not want to pass over in silence the importance of growing export earnings that are better insured against protectionist intervention for highly indebted developing countries: on the contrary, it is something I should expressly emphasize.

We want to improve the present opening of markets. All those who are participating in international trade are called upon to make a contribution here.

Problems of market access, especially if they are combined with lasting structural imbalances in trade relations, are without question a serious source of danger in trade policy.

In my demand for more liberalization I expressly include, in addition to traditional obstacles, trade distorting measures and new forms of protectionism.

3. Strengthening GATT as an institution is the third major task of the New Round. We want the rules of this open multilateral system of trade to be better observed. The mechanisms that serve that end must be made more effective. Only then will GATT remain an operational instrument which will support and promote free trade.

But GATT's credibility will also depend on its modernity.

New areas such as services are growing in importance in all our economies. GATT cannot stand idle in this development, which is increasingly becoming a question of the global balance of interests within GATT.

I am aware that some developing countries hesitate on this. I am convinced that their fears are unfounded. A not so very small number of developing countries have competitive services industries.

In other cases opening to foreign services can make the domestic goods producers more efficient. Apart from the question of the global balance of interest in GATT, I believe that the subject of services should not in any case be on the debit side for the developing countries.

Now, and during the negotiations, we must seek to prevent a situation in which each nation focusses exclusively on its own favourite topics.



Within the framework of the New Round balanced solutions must be found for the various interests. This must be appropriately reflected by the agenda from the outset. All participants must be able to recognize their interests in the agenda.

GATT is one of the institutions that serve their end with persistence, authority and notable results. But, as we see from the history of GATT, from time to time a strong stimulus is needed to maintain and freshen its vitality. This stimulus comes from the major rounds of negotiation.

So we need this Round: GATT needs it.