

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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SWEDEN: STATEMENT BY MATS HELLSTRÖM, THE MINISTER FOR FOREIGN TRADE,
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

Let me first, on behalf of the Swedish Government, express our sincere appreciation for your country's bold offer to host this important meeting. We are very glad to be here among friends. I am thinking not only of delegates present in this hall but also of your fellow countrymen who have spent several years in Sweden and now returned to their beautiful home country.

Sweden sees this meeting as a crossroads for the GATT. We have come here to Punta del Este with a mission of paramount importance for the future of GATT and the evolution of world trade. I am confident, Mr. Chairman that with the help of your wisdom we shall bring this meeting to a successful conclusion.

We have a year of intensive preparatory work in GATT behind us. During this phase a remarkable convergence of views took place. A large number of countries - developed and developing alike - were able to reach a substantial agreement about a comprehensive proposal for a Ministerial Declaration.

There are obviously outstanding issues, some of drafting and some of substance, but we believe that these can and must be resolved. The important thing is that we see a basis for a reasonable compromise in document W/47.Rev.2 and for several reasons. Firstly, we believe that it proposes a well balanced agenda, given the diverse interests involved.

Secondly, it confirms the principles of the GATT relating to the developing countries in a balanced way. Thirdly, it lays down adequate procedural arrangements to protect any country's legitimate interests in the legal aspects of the results of the negotiations. But most important, perhaps, it expresses an unequivocal support for launching a new comprehensive Round of Trade Negotiations.

Thus we are convinced that the proposal contained in document W/47.Rev.2 is a basis for an agreement. It is our sincere hope that all countries will be able to join us in launching the Round on this very basis.

Our mission here in Punta del Este has to be accomplished, simply because there is no alternative.

The GATT has been one of the most effective multilateral instruments in post-war history. It has increased world trade and raised standards of living throughout the world in a way that lacks comparison in modern history. But today, the GATT faces serious threats that are only too obvious.

In the face of strong and growing protectionism, GATT rules and disciplines are being increasingly disrespected and abused. GATT as an institution is now gradually losing relevance and credibility in many quarters. There is a very real possibility that bilateral approaches to trade problems that should be resolved multilaterally may become the order of the day in the future.

We simply cannot afford to let this happen. Sweden, because of its dependence upon foreign trade, has to rely on the open trading system for its economic survival. The smaller countries, both developed and developing, have particular reasons to defend the GATT system. This is the way we can make our voices heard and defend our interests against stronger economic powers, but these major powers have also an interest in a stable and viable framework for world trade. This is also why Sweden has all along given its full support to a new GATT round. We are convinced that a New Round is the only viable way to strengthen the GATT system and prevent a serious relapse into protectionism and stagnating world trade.

Let me before concluding briefly point to some key elements in Sweden's approach to a new GATT round.

- A New Round must be launched in an atmosphere of mutual confidence among participants. Sweden therefore supports a strong political commitment on standstill and rollback. On that basis the launching of the round can in itself put a brake on protectionism.
- A New Round must strengthen GATT disciplines and come to grips with the many unresolved issues in the GATT. An effective safeguard mechanism, that provides a viable solution to the long-standing problem of grey area measures, remains a key issue in order to strengthen the GATT.
- Agriculture is clearly another key issue in need of more effective multilateral discipline. But effective solutions to the serious trade problems in this sector are not likely to come about only by focussing on the mechanisms of protection. Governments will have to start a serious debate on how national production policies can be designed to curb present oversupplies, which are clearly at the root of today's problems.
- A New Round must result in improved market access for all countries. Priority areas for Sweden in the future negotiations are tariffs, quantitative restrictions and government procurement. Sweden also fully recognizes the interests of

developing countries to increase access to markets. We accept that the possibilities to reintegrate the textiles sector in the GATT be examined in the New Round. This is in keeping with Sweden's declared intentions in the MFA negotiations to implement the MFA in a less restrictive manner. Our future bilateral agreements will also be improved in several respects, including a reduced number of categories subject to restraints.

- A New Round must provide a platform to negotiate new trade issues. I want to emphasize that Sweden does not see this as an excuse to shift the focus of the round away from traditional GATT issues. Both elements are necessary and complementary. We are looking for an international framework of trade-rules which will govern the world trade during the next decade and beyond. Negotiations on trade in services under the framework of GATT remains an important objective for Sweden. We recognize that there are diverging views regarding GATT's competence to deal with trade in services. Our view is clear. GATT cannot avoid to address this important sector if it is to remain the central framework for international trade relations in the future. But acceptance to start negotiations on trade in services within GATT does not prejudge any country's position on issues of legality. Nor would it imply acceptance of automatic liberalization in the services field. Already the knowledge we possess today tells us that there are a number of perfectly legitimate reasons for regulating certain services activities, which will have to be respected. Moreover, the concrete undertakings that may result from an agreement on services will obviously not be implemented overnight but more likely over the next decade.

I started by saying that the GATT is at a crossroads. I have already pointed to the serious threats to the multilateral trading system. For us there is but one way ahead - to decide here and now on the launching of a new GATT round, the Uruguay Round. My delegation will collaborate with you and delegations here present in order to arrive at a positive decision to strengthen GATT and thus international economic co-operation.