

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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BELGIUM: STATEMENT BY MR. HERMAN DE CROO, MINISTER FOR FOREIGN TRADE,  
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,  
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

For the first time since it was founded, GATT is holding a session outside the industrial world.

The decision to do so in itself brings home an eloquent point, namely the maturity of the developing countries in trade matters and their determination to assume their full responsibility in the international trade field. It also crystallizes certain deep-seated changes in GATT, which from now onwards can no longer be regarded as a "club for the rich", but is confirmed in its rôle as a special precinct where developed and developing countries deal with trade problems on an equal footing.

The Belgian Government is gratified, that you will be presiding over the work at this Ministerial meeting and that the meeting is being held in Uruguay. We would like to express our full confidence that you will bring to a successful conclusion the difficult task with which you are faced, and to express our gratitude to the authorities of your country for their hospitality. No effort has been spared to make our sojourn a pleasant one and to ensure that this Ministerial meeting will achieve the success we all hope for.

Profound changes have taken place on the world economic front since we held our last Ministerial meeting in 1982. The economic barometer is showing signs of rising. There is no longer what we could call a recession; nor is there as yet what we could call a recovery. We in the countries of Europe are experiencing the trauma of unemployment, and particularly youth unemployment.

Other regions are caught in the grip of economic stagnation. Many developing countries are weighed down under the burden of indebtedness or are engulfed in the problems of penury and are going hungry. No country today can boast that it is untouched by the convulsions of world economy. From now on, no country, even if it is politically the most powerful, economically the most important, industrially and technologically the best performer, the most densely populated or even the most richly endowed with natural resources, can ignore the fact that so long as the international economic situation remains in a state of unrest, its own economic fate will continue to be vulnerable.

Furthermore, tension is rising in international trade. In a climate of low growth, all countries are anxious to export, in a world market where the balance of supply and demand is profoundly upset. Protectionism leads

everyone to rail at the barriers and restrictions introduced by everyone else; at the same time, there are people endeavouring to evaluate and even measure the real extent to which the various economies are open to the outside world.

There is, for example, a centre specializing in econometry which has recently managed to define, in the light of a scientific analysis, an indicator of the sincerity of a given country in relation to free trade. This indicator, based on the relationship between imports and GDP, provides us with information on the real extent to which the country is open to the world market.

The application of this criterion to a number of nations regarded as trading powers reveals certain facts which at times are surprising. The figures show that the Belgium-Luxembourg Economic Union is the leader among the free-trade markets (see Annex I).

What we are called upon to do here at Punta del Este thus involves a vast recovery strategy. It is of vital importance to re-create as soon as possible the conditions for lasting growth and more universal well-being than in the past. Our primary task is to reaffirm the need to respect both the letter and the spirit of the GATT rules. If we succeed, there will be neither winners or losers.

Let us then join together one and all to ensure that no new obstacles arise to put a curb on trade, and let us embark on a progressive rollback of those which have multiplied over the last few years in the wake of the crisis and are incompatible with the General Agreement. Let us also clear a path and raise hopes for the future by strengthening and adapting the GATT rules to the new conditions governing international economic life. Trade at world level, whether we like it or not, is an indivisible whole. Trade in goods, which is the traditional domain of GATT, but equally imperatively the new sectors such as trade in services, investment and intellectual property, together with counterfeiting which is a by-product thereof, call for an overall approach.

As far as Belgium, a country with an ancient trading tradition, is concerned, it is vital that international trade should be developed in all its forms, both in the agricultural and industrial fields and in that of services.

The future that Belgium would like to see envisages greater liberalization of international trade of every kind, but always bearing in mind the legitimate interests of the developing countries. It looks towards negotiations based on the principles of transparency and non-discrimination.

With regard to services, since this is a non-traditional field, Belgium is anxious to find the consensus which is needed and hence appeals to the imagination of the contracting parties to achieve this.

Agriculture continues and will continue in the future to play a substantial part in our economy. Its political, social, economic and ecological dimensions, to say nothing of its capital contribution to our agro-industry, fully justify this.

The Declaration by the Community dated 19 March 1985 concerning agriculture underlines the readiness of EEC to seek improvements in the present framework of the GATT rules and disciplines covering all aspects of trade in agricultural products in respect both of imports and of exports, taking full account of the problems and the characteristics specific to this sector.

The Declaration in question postulates that the objectives and the basic mechanisms, both internal and external, of the Common Agricultural Policy shall not be challenged. The fact that these mechanisms are more directly applied to external trade strengthens this position even further. Within the framework of an ongoing adaptation of the Common Agricultural Policy to the realities of the markets, internal and external, EEC has already drawn certain inferences and has instituted new mechanisms designed to associate the producer more closely with the marketing of his products.

However, we must not be misled; productivity in agriculture is likely to develop still further, boosted too by the prospects of biotechnology, where the consequences, especially in the commercial field, are incalculable. Numerous laboratory discoveries have already found their way into agricultural undertakings in my country. This hard fact adds to the serious concern being felt about world agricultural trade, handicapped as it is by surpluses on a world scale. The Declaration by the recent Tokyo Summit suggests that we shall have to grapple with this problem. It is urgent that these surpluses are gradually eliminated, and that we prevent them from building up again, while bearing in mind all the interests concerned. A recent study in progress in OECD stresses (see Annex II) the need for action by the international community as a whole. Isolated action, whatever its scale, will not bring about a recovery of world prices for agricultural products.

Thus the task awaiting the negotiators in the agricultural sector will be a tough one. Wholesale reconciliation of a large number of short-term interests without losing sight of the more or less long-term objectives will require clear-sightedness, determination and imagination. Bearing in mind the very specific nature of agricultural problems, it would be wise first and foremost to entrust this heavy task if not exclusively, at least primarily, to a group of specialists in this field, under the aegis and surveillance of the Trade Negotiations Committee.

The sections already available of the study referred to above (see Annex III) demonstrate the multiplicity and subtlety of the various types of aid given by many of the countries to support the different sectors of agriculture. It would seem that even the so-called "fair traders" are not altogether blameless. Hence the examination of the mechanisms for marketing agricultural products which the forthcoming negotiations will

have to undertake leads me to make the following comment: the fact that such mechanisms are introduced at different stages in the production or marketing chain for a given product does not mean that they do not clog its workings. Belgium would find it hard to subscribe to a Ministerial Declaration on agriculture which did not fall into line with these observations.

My Government recognizes the tremendous stake that the developing countries have in the multilateral trade negotiations.

The primary objective of the GATT is, and must remain, the expansion of world trade for the benefit of all. This requires improved access to the developed markets for the exports of developing countries. In this way, the developing countries will fully participate in world trade, and will find there the imports needed for their economic development. For that reason, Belgium continues to support the principle of differential treatment for the developing countries. Belgium expects that the developing nations, participants in future multilateral negotiations, will contribute gradually and in their own manner as their respective economies and trade situation evolve.

The indebtedness of many countries is a serious threat to the development of international trade, because the service of foreign debt limits their capacity to import. To view this situation from a strictly accounting standpoint would be to adopt a short-sighted policy. Inevitably, many markets would wither if the situation were dealt with solely on the basis of orthodox banking and financial criteria. The loss of such outlets would be a severe blow to the export enterprises on whose prosperity these same banks depend in large part for their profitability. An overly restrictive credit policy could create the very financial difficulties that the banks wish to avoid.

Obviously, GATT is not the appropriate forum in which to deal with this issue, but it is not unaffected. During the coming multilateral trade negotiations, the competent institutions must ensure the continuing and growing flow of financial resources on which international trade depends.

The set of issues that I have outlined briefly requires comprehensive treatment. World trade depends on balance. It is not a one-way street. When reasonable and reciprocal balance is lacking, world trade can neither develop nor survive. The interest of all the contracting parties depends on this, as reflected in the behaviour of import and export markets.

The purpose of our meeting is to launch a New Round of multilateral trade negotiations.

As an original contracting party, Belgium has always supported the GATT and applied its principles. The New Round that is about to begin will, like any great human undertaking, represent a marriage of chance and

necessity. It is chance that has brought together nations of varying fates, and necessity that obliges them to co-operate, above all, the necessity to dare to build a solid future together.

What we are about to begin should be a New Round of growth and hope. The happiness and prosperity of the world depends on this vision of the future.

ANNEX I

Imports 1985  
OECD Free-Trade Sincerity

Countries	Imports 1985 (US\$ million)	GDP 1985 (US\$ billion)	Results in %
BLEU	54,852	81.0	67.71 <sup>1</sup>
Netherlands	77,412	122.3	63.29
Ireland	10,044	18.2	55.18
Portugal	8,148	20.4	39.94
Iceland	912	2.6	35.07
Switzerland	30,432	91.5	33.25
Austria	20,964	65.1	32.20
Denmark	18,216	56.6	32.18
Greece	10,224	33.1	30.88
Sweden	28,476	99.0	28.76
Norway	15,492	56.2	27.56
Germany, Fed. Rep.	157,584	611.8	25.75
Italy	90,504	354.0	25.56
United Kingdom	109,920	438.5	25.07
Finland	13,152	54.1	24.31
Canada	76,860	341.8	22.48

<sup>1</sup>The 1985 GDP of Belgium is US\$77.5 billion. That of Luxembourg is US\$3.5 billion. The total GDP is US\$81 billion.



ANNEX II

Table 3: Illustration of the Beneficial Effects of a Multilateral Reduction in Aid as Compared to a Unilateral Reduction in the Case of Dairy Products<sup>1</sup>

	Producer prices in countries where dairy products are heavily supported but represent a small percentage of trade <sup>3</sup>  (Percentage)	World reference price <sup>2</sup>
Unilateral action in countries where dairy products are heavily supported but represent a small percentage of OECD trade <sup>3</sup>	-5.20	+0.98
Action taken by the above countries and by countries where dairy products receive little support <sup>4</sup>	-5.16	+1.03
Action taken by the above countries and by countries where dairy products are heavily supported and represent a major proportion of OECD trade <sup>5</sup>	-1.87	+5.01

<sup>1</sup>This result is obtained by a 10 per cent reduction in the aid given to these products.

<sup>2</sup>Weighted average of prices of dairy products entering trade (butter, cheese, etc.)

<sup>3</sup>Austria, Canada, Japan, Switzerland, Mediterranean and Nordic countries

<sup>4</sup>Australia and New Zealand

<sup>5</sup>European Community and the United States

ANNEX III

Table 1: Relative Degree of Protection of Various Products  
in Selected Countries (Average for Each Country Equals 100)<sup>1</sup>

	Wheat	Coarse grains	Dairy products <sup>2</sup>	Sugar	Beef and veal	Poultry meat	Pork
Austria	40	36	141	66	84	57	63
Australia	28	25	210	48	34	0	0
Canada	53	35	171	36	35	70	39
EEC	61	59	129	49	113	35	47
United States	58	45	170	56	27	21	20
Japan	136	89	134	75	69	32	16
New Zealand	52	36	114	0	82	0	0
Nordic countries	97	88	115	60	99	71	39
Mediterranean countries	24	34	163	92	42	47	40

<sup>1</sup> Aid is measured as a percentage of the producer price per unit produced.

<sup>2</sup> Milk for processing

**Note:** The table compares the level of aid granted on various products in each country. It does not give a comparison between countries. Because the competent groups have not officially examined the level of aid for certain countries, these results should be considered as preliminary and subject to revision.