

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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CHINA: STATEMENT BY MR. SHEN JUEREN, HEAD OF THE DELEGATION,
AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

Revision

We are more than happy to be in the beautiful city of Punta del Este, for the GATT Ministerial meeting of CONTRACTING PARTIES, an event drawing world-wide attention. We would like to express our heartfelt thanks to the Uruguayan Government and people for the thoughtful arrangements they have made for the convening of this meeting.

Allow me on behalf of the Chinese Delegation and in my own name to extend to you our warm congratulations on your election as chairman of the meeting. I believe that under your able leadership and with the joint efforts of all delegations, the meeting will achieve expected results.

We have listened with great interest to the opening speech by the President of Uruguay, Dr. Julio Maria Sanguinetti, and the statements made by you, Mr. Chairman and the distinguished representatives, and carefully studied the relevant documents. All this has helped us to better understand the positions of the various contracting parties vis-à-vis the New Round of Multilateral Trade Negotiations and its preparatory work.

At the GATT Ministerial meeting of 1982, the CONTRACTING PARTIES were called upon to resist trade protectionism and a GATT work programme was formulated for the 1980's. In the following four years, although the world economy has achieved some degree of recovery, it is still beset with difficulties, including monetary and financial fluctuations, proliferating trade conflicts and intensified protectionist pressures. The situation for the developing countries is particularly severe, their terms of trade are continuously deteriorating, prices for primary commodities declining, trade deficits mounting and debt burden increasing. In the field of international trade, we note that there have been certain positive factors. For example, efforts have been made in a number of countries for trade liberalization, and that tariff cuts as agreed upon at the Tokyo Round have been in the main implemented. However, on the whole, development in international trade is far from being encouraging. Trade protectionism remains to be the main threat to world trade development. No substantive progress has been made in the implementation of the 1982 GATT work programme. It is against this background that GATT CONTRACTING PARTIES have opted for a New Round of Multilateral Trade Negotiations to tackle a series of major international trade problems without prejudice to the ongoing implementation of the 1982 work programme, with a view to creating a favourable environment for the expansion of world trade in the 1990's and even early 2000's.

The Chinese Government supports the launching of a New Round of Multilateral Trade Negotiations, and has been following the preparatory process closely. We agree that the objectives of the New Round should be to further liberalize and expand world trade, strengthen and improve the multilateral trading system and make the GATT mechanism more effective. The principle of differential and more favourable treatment for the developing countries should be reflected throughout the negotiations. We hold that all countries, the developed countries in particular, should commit themselves to the standstill and rollback of protectionist measures, which will be of great importance for ensuring the progress of the negotiations. The New Round is confronted with a number of fundamental trade issues. The task will be an arduous one. The recently-concluded MFA IV in extending its restrictive product coverage is in fact a retrogression against the direction of trade liberalization. It is our hope that ways and modalities could be found or worked out in the New Round so as to enable trade in this sector to eventually return to the GATT. For years, trade in agriculture has been almost excluded from the application of GATT rules. Various forms of trade restrictions and distortions in the agricultural sector have seriously impaired the interests of many agriculture exporting countries. China supports that the New Round should strive to improve and strengthen GATT disciplines on agricultural trade, so as to bring trade in this sector into the GATT system. Safeguards and dispute settlement are essential to the preservation of the multilateral trading system. We hold that a comprehensive understanding should be reached on safeguards in accordance with the MFN and non-discrimination principles of GATT, and more effective rules on dispute settlement be formulated, so as to provide a stable international environment for the development of world trade. With the evolution of the patterns in the world economy and trade, the rôle of services is becoming increasingly important in national economies of various countries. In the light of the 1982 work programme, a lot of information has been gathered and a wide-range exchange of views conducted on trade in services. Obviously, the developing countries now are lagging far behind the developed countries in the area of services. It is, therefore, necessary for the developing countries to give appropriate protection to their service sectors in conformity with the objectives of their economic and social development. Trade in services has its own special features. It is hoped that through full consultations parties concerned will reach an understanding on the question of service, taking full account of the special interests of developing countries.

China is further implementing the policy of opening to the outside world, and carrying out in depth the reform of its economic structure. Opening to the outside is our basic national policy. The aim of China's economic restructuring is to establish a new type of economic system integrating planning with market mechanisms, which we believe is compatible with the objectives of GATT. In view of the new situation created by the open policy and economic reform, the Chinese Government has applied for resumption of its status as a contracting party to GATT, so as to develop trade co-operation with various countries in the multilateral framework. We believe that China's resumption of membership in GATT will be in the

interest of not only China but also other contracting parties. It will also contribute to the strengthening of the multilateral trading system and further the realization of the GATT objectives. The New Round is a top priority in current GATT activities. Its outcome will have a close bearing on the development of China's foreign economic and trade relations. The Chinese Government wishes to participate fully in the New Round of negotiations and make its due contributions to trade liberalization as well as economic and trade growth of the world.