

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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UNCTAD: STATEMENT BY MR. K.K.S. DADZIE, SECRETARY-GENERAL OF UNCTAD,
ON BEHALF OF THE SECRETARY-GENERAL OF THE UNITED NATIONS,
AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

1. Speaking on behalf of the Secretary-General of the United Nations, may I begin by expressing pleasure at the prospect of this meeting proceeding under your guidance, and conveying through you his deep appreciation to the President, the Government, and the people of Uruguay for the excellent arrangements that they have made for the meeting and for their friendly welcome.
2. The call for a new round of multilateral trade negotiations stems from the widespread concern at the growing lack of respect for GATT rules which is evident in the intensification of such phenomena as discrimination, bilateralism, managed trade and the neglect of multilateral commitments. But these difficulties in trade relations are not attributable solely to violations or weaknesses of the trading system. Because of the interlinkages inherent in the world economy, existing tensions in the financial realm, together with slow growth, unemployment, and macro-economic imbalances, have also had damaging consequences for the trade régime. It is for this reason, among others, that the United Nations, including UNCTAD in particular, has in recent years increasingly stressed the inter-relationships between trade policies and the international financial system and between international trade and world economic growth and development.
3. Against this background, the present Ministerial meeting provides the occasion to mobilize the decisive political commitment necessary to bring trade policies into full conformity with accepted principles. More than that, it offers the international community a unique opportunity for taking a vital step towards restoring the credibility of the international trading system.
4. One of the most pervasive, and at the same time perverse, reasons for the erosion of this credibility is the tendency for countries, both developed and developing, to be penalized because their international competitiveness lies in agricultural or manufactured products considered to be sensitive or disruptive by trading partners who are unwilling to make the necessary adjustments in their own economic structures. Whole sectors have been effectively removed from the ambit of the multilateral system and have been subjected to a different set of, often unorthodox, trading conditions. The recent extension of the Multifibre Arrangement illustrates the persistence of this trend.

5. In this increasingly difficult and unpredictable trading environment, many countries are striving to improve their position in the international division of labour by producing goods for which world demand is accelerating. Advanced technologies are giving rise to new trading opportunities and traditional trade flows are being challenged by new, more efficient producers. The key test of the strength of the trading system is whether it will promote, rather than inhibit, this dynamism.

6. Developing countries are among the dynamic forces in international trade. Yet their competitive thrust is frequently countered with new and discriminatory restrictions. Moreover, they are less able to defend their interests when their access to markets depends less on respect for multilaterally-established rules than on their capacity to threaten their trading partners with retaliatory action for restrictions on such access. Restrictive behaviour by importing countries undermines the rôle advocated for exports as an engine of economic growth for developing countries. Though alternative strategies could be devised to reduce the vulnerability of developing countries to such behaviour, exports remain the main source of foreign exchange earnings with which to satisfy their development needs and to honour their international financial commitments. Hence the importance of an open trading system which guarantees security of access for the exports of developing countries.

7. The central objectives of any future round of trade negotiations must be to improve the international trading system, to strengthen its open and universal character and to promote the expansion of world trade. These objectives were reaffirmed and given added force by the international community through the United Nations General Assembly last year, when it reviewed the implementation of the International Development Strategy for the 1980s. But in order to achieve these objectives, negotiations cannot be confined to the exchange of trade concessions. They should urgently address the increasingly evident contradiction between generally accepted basic principles and prevailing policy trends. They should also be based upon common perceptions regarding the type of trading system that would: serve the common interests of all countries, regardless of levels of development, economic systems or product specialization; contribute to the global objective of economic and social development; and create a climate of mutual confidence among all trading partners.

8. How to manage a successful transition to an improved trading system which meets the criteria indicated above is a challenge that the entire international community must confront. The major trading nations have a particular responsibility in this endeavour. Indeed, the credibility of the system can only be restored if these nations abide firmly by its rules and principles, and adopt policies aimed at increasing trade and facilitating the international adjustment process. The further integration of the developing countries in such an improved trading system should be conceived as part of an overall global strategy for revitalizing the development process, which would also encompass actions to deal with the problems of declining commodity prices and reduced financial inflows.

9. It should be noted, moreover, that the strong political momentum in the socialist countries of Eastern Europe in favour of trade-oriented growth can contribute to a healthier trading environment. If successfully pursued, these new policy trends offer considerable potential for expanding and diversifying the trade and economic relations of these countries with the rest of the world, with beneficial consequences both to themselves and to their trading partners.

10. As I have observed earlier, the development of common perceptions regarding the desirable characteristics of the trading system is a prerequisite for its improvement. Within the United Nations, UNCTAD is well placed to complement the efforts of other forums to evolve such perceptions. UNCTAD's programme of work includes the examination of changes in the structure of production and patterns of world trade, protectionism and structural adjustment and the improvement of the trading system, as well as the contribution of the services sector to the development process, some aspects of which are also the concern of the Centre on Transnational Corporations. With a mandate covering all trade flows, as well as a wide range of other interdisciplinary development issues, UNCTAD offers all trading countries a forum for engaging in informed multilateral dialogue with a view to building intergovernmental consensus on an improved and strengthened trading system that would command general confidence. Such dialogue might lead, in some cases, to understandings on policy approaches leading to negotiations on specific trade issues in the appropriate institutional framework.

11. In addition, as was demonstrated during the Tokyo Round, the UNCTAD Secretariat, in collaboration with other organizations of the United Nations system, has the capacity to provide valuable technical assistance to developing countries in trade negotiations. We hope to be able to resume such technical co-operation activities in the context of a New Round.

12. In these ways, the United Nations - through UNCTAD in particular - could play a constructive part in ensuring that a New Round would bring benefits to all trading nations. The instruments are there; it is for member states to realize their potential. On behalf of the Secretary-General of the United Nations, I pledge the support of the United Nations Secretariat as a whole for such endeavours - and the commitment of the UNCTAD secretariat to ensuring, in consultation with the GATT secretariat, that our efforts are mutually reinforcing.