

**PRESS COMMUNIQUE**  
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GENERAL AGREEMENT ON TARIFFS  
AND TRADE  
ACCORD GÉNÉRAL SUR LES TARIFS  
DOUANIERS ET LE COMMERCE

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FORTY-SECOND SESSION OF THE GATT CONTRACTING PARTIES

Opening Statement by the Chairman  
Ambassador Kazuo Chiba (Japan)

Geneva, 24 November 1986

Ladies and gentlemen, it is with the greatest pleasure that I welcome you, most warmly, to this the 42nd Session of the Contracting Parties. At this Session we can all look back over the previous twelve months with a feeling of some satisfaction. At the outset, however, I would wish to stress that the launching of the Uruguay Round, though crucial and welcome, is neither a reason to be complacent nor to forget that the regular and important work of GATT must go on. We gather here, this week, for that very purpose.

In beginning, I would like to examine briefly, as has become the tradition in these opening addresses at the annual Session, the economic and trade background against which we have been and shall be working.

Neither the statistics for 1985 nor the results projected for 1986 show any great buoyancy in world trade. Both production and exports of merchandise rose by three per cent in volume in 1985. This year, the latest available figures suggest that we may see a four per cent increase in the volume of world merchandise trade. Both these results need to be contrasted with the five and a half per cent annual average for the 1970s, and eight and a half per cent for the 1960s.

Only trade in manufactures showed healthy growth last year - rising some six per cent over the previous year. On the other hand, trade in mining products including fuels fell by almost three per cent and agricultural exports declined by around one per cent despite an increase of two per cent in agricultural production.

Developing countries saw an especially large fall in the value of their exports in 1985 partly attributable to the situation in the fuels market - their fuel exports falling some 10½ per cent - and partly due to the continued weaknesses in commodities markets - an especially harmful trend for the least-developed countries. I note that the average dollar export prices of primary commodities other than crude petroleum fell some 9½ per cent in 1985 to a level some 26 per cent below the 1980 peak. For the heavily indebted developing countries, this was a major factor behind the return to the import-contracting adjustment which characterized 1982 and 1983.

It should be kept in mind, however, that these very poor results in the fuels and commodities markets have obscured a remarkable performance by developing countries in manufactures trade in recent years. Here we see that the ldc share of manufactures trade increased from seven per cent in the early 1970s to 12½ per cent in 1985. Moreover, statistics for the first ten months of 1986 suggest that this year, for the first time in the postwar period, developing countries will earn more foreign exchange from exports of manufactured goods than from exports of fuels. So there is continuing reason for confidence in the ability of the developing countries to progressively move into more sophisticated market areas. But we all recognize that it has been a tough process; too often developing countries have been turned away from the markets of their industrial partners at the very point when they have found the capacity to compete effectively.

And that brings us quickly back to the new Round whose launch owed much to the determination of the developing countries - and the understanding of the developed - to secure a better deal for themselves in world trade. The Ministers, under the able chairmanship of Mr. Iglesias, gave us the foundation stone - in the form of their Declaration - on which to build a better deal for all. In doing so, they created world-wide expectations: stability and credibility in the international trading system is a matter of crucial concern for traders and businessmen who need predictability and

security of markets access. Throughout the world, the press reflected the 'spirit of Punta del Este' as one of very few recent examples of authentic co-operation within the international community. The considerable problems facing us - the problems which have acted to prevent healthier growth rates in world trade - have been identified and the negotiations necessary to resolve them put in train.

Back here in Geneva, we are faced with the task of preparing to respond to those expectations. We are currently going through the very complicated process of putting in place the necessary structure and negotiating plans for the work to begin in earnest early next year. In this work, we have found that we cannot negotiate through the mere invocation of the spirit of Punta del Este, but must rely on our own negotiating skills. A continuing personal and political interest from our Ministers, all of whom shared the gruelling efforts in Punta del Este, is also vital.

It would be wrong to lament the present exercise as a frustrating encumbrance. It is vital, because the necessary conditions for success must be in place from the start. For trade negotiators faced with the kind of tasks represented by the Ministerial Declaration, four years is not at all a comfortably lengthy period in which to bring all the complex strands of this negotiation together in success. Our ability to do so will owe much to our determination to succeed in the discussions over the next few weeks.

In one sense, our Ministers and the world of business should not have to wait four years for results because, of course, the standstill and rollback commitment is already operative. I believe that we shall all leave with a good conscience for our holidays on 19th December if we have by then settled on a sensible and solid mechanism for overseeing this most serious and far-reaching undertaking. Indeed, this will be one of the clearest possible indications to the outside world that the Punta del Este Declaration was not an example of a situation referred to by the ancient Chinese as "the mighty mountain shook, only to produce one little mouse".

Such an indication is important not only in terms of our optimism about future progress in the Uruguay Round, but also as a tangible sign of what international economic co-operation can achieve. There is no need for me to remind you that the world economy is facing a number of problems in other areas, including the pattern and size of trade imbalances, unhappiness with the behaviour of exchange rates, and the previously mentioned debt-service problems of many developing countries. Progress in finding meaningful and lasting solutions to these other problems would make a positive contribution to progress in the Uruguay Round.

But, as I said at the beginning, the regular work of GATT must, and will, proceed alongside the Uruguay Round. The Council's report shows how active the GATT has been in the past twelve months. We have seen frequent resort to the disputes procedure, with a particular concentration in recent weeks; and dispute cases will, of course, continue to go to the Council. Equally, the Tokyo Round committees will still have work to do. And I should, in passing, congratulate those involved with last week's decision in the Government Procurement Committee to extend and tighten up that agreement. We have questions relating to the interest shown by new countries in acceding to the GATT. There are many other aspects of GATT's work which must be given the same attention as before.

Thus, our proceedings of the next two days are of great significance, even placed beside the glamour and profundity and the inevitable back-breaking efforts of the Uruguay Round. Ladies and gentlemen, we have serious work to do together. I declare open this 42nd Session of the Contracting Parties.

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