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PAKISTAN

Statement by H.E. Mr. Mansur Ahmad
Ambassador, Permanent Representative

Pakistan is a founding member of GATT. It has consistently and with resolution devoted its efforts towards strengthening the open multilateral trading system on a basis of moderation and with the objective of arriving at the broadest possible consensus. It is in keeping with this approach that we view the outcome of the September Ministerial meeting at Punta del Este with a sense of renewed confidence and optimism.

Our sense of confidence derives from the solemn declaration, by contracting parties, of their determination to halt and reverse protectionism, as also from the expression of their resolve to preserve and further the basic principles and objectives of GATT. Our sense of optimism derives from the concrete commitments made by them on standstill and rollback.

We do not view the standstill and rollback commitments in any narrow or exclusively legal or political mould. For us, these are commitments made in good faith at a high political level. We believe that faithful compliance with them will serve to create the atmosphere necessary for engendering confidence in, and the eventual success of, the Uruguay Round. Strict adherence to the standstill and rollback commitments in all areas of negotiations will serve to maintain confidence in the round. We must avoid a repetition of the experience of 1982, when equivocation on the part of some only served to erode confidence in GATT principles.

The protectionism to which I have just referred has all but eaten into the vitals of our multilateral trading system based on the principles of openness, predictability and non-discrimination. Its deleterious effects on international trade have been only too obvious in recent years. The performance of world trade has been far from promising. The September 1986 GATT study on "Prospects for International Trade" has amply catalogued the disappointing developments in this regard, particularly from the point of view of developing countries. The value of world trade increased only marginally (one per cent) in 1985. Even in this modest growth, the value of developing countries' exports decreased by 4.5 per cent and was 17.5 per cent below the value recorded in 1980. Their imports declined by 6.5 per cent. The terms of trade for developing countries have consistently fallen and the average dollar export price of primary commodities, other than petroleum, on which they depend heavily, fell 9.5 per cent in 1985. The index stood at 26 per cent below its peak in 1980.

Although not catalogued in the GATT study, the contraction in world trade has meant a further squeeze on the resources for growth and development available to developing countries, due to a sharp fall in workers' remittances and a substantial increase in debt service burdens.

In an already bleak environment, exports from developing countries have had to contend with discriminatory measures, increased quantitative restrictions and other non-tariff barriers, a growing use of market sharing arrangements and greater resort to export subsidies. We have seen, with helplessness, our exports being undermined in third markets by subsidized exports from developed countries. The subsidy war has wreaked grave consequences for our agricultural exports. To cite just one example, Pakistan exported its cotton in 1983 at an average price of about 60 cents per pound. In 1985 we received only 36 cents per pound. The prospects this year do not hold out any better promise. As for our other major agricultural export commodity, the decline in earnings from rice exports has meant that Pakistan has to cope with yet another painful reality. All this has been due in large measure to the workings of agricultural policies elsewhere.

We had also hoped for an end to the existing discriminatory arrangements for textile trade. Much to our regret, however, we saw earlier this year the opportunity to eliminate the Multifibre Arrangement lost.

Despite an adverse external environment, Pakistan has made major efforts at deregulation of its economy. It has, during 1986, moved further in liberalizing its import régime. In addition, our budget for 1986-87 withdrew compensatory export rebate from all export products. Our efforts for further liberalization, however, are threatened by the inclement external environment characterized by protectionism and a stubborn resistance to structural change.

We remain hopeful that the Uruguay Round will provide a real opportunity to reduce and eventually remove the impediments standing in the way of improving the prospects of trade for developing countries. These impediments would need to be addressed in earnest during the new round. We are willing to negotiate boldly and expect that our trading partners would do the same.

In the process of preparation for actual negotiations I would wish to stress the following points: (i) In order to give a credible start to the new round of negotiations, it is necessary that the commitments on standstill be strictly observed. An effective and transparent surveillance mechanism under joint supervision of the Trade Negotiations Committee and the Group of Negotiations on Goods must, in our view, be put in place immediately. We believe that standstill commitments should permeate all subject areas. Similarly the plan for rollback of measures in accordance

with the Ministerial Declaration should be drawn up very quickly; (ii) The negotiating structure, as envisaged in Section G of the Ministerial Declaration, must provide for negotiations to begin in earnest, particularly in areas of interest to developing countries, e.g., agriculture, textiles and clothing, tropical products, etc.; (iii) Detailed negotiating plans to be elaborated in accordance with the Ministerial Declaration must take into account the general principles governing negotiations agreed to in the Ministerial Declaration, particularly those relating to differential and more favourable treatment for less-developed contracting parties; (iv) Negotiations in agriculture should start forthwith to redress the adverse effect of export subsidies. To start the process, it is of paramount importance to agree on a standstill on agricultural subsidies; (v) Provision should be made in the negotiating plan to address problems of trade in textiles without linking it with progress in other areas of negotiations; (vi) The negotiations in tropical products should be undertaken on a fast-track basis. The question of coverage must not be allowed to stand in the way of quick progress towards complete liberalization of trade in tropical products on the basis of work already done in this area.

Given the requisite understanding and sense of accommodation that has been a hallmark of GATT's deliberations this year, we believe it should be possible to resolve the issues still capable of bedeviling the new round of negotiations. We are convinced that multilateral co-operation is the only way to resolve problems in an interdependent world. It is only through such co-operation that nations can set in motion a true phase of growth and development which remains the final objective of all our endeavours.

Before I conclude, Mr. Chairman, may I express to you the gratitude of the Pakistan delegation for your outstanding contribution both as Chairman of the Council and as Chairman of the CONTRACTING PARTIES, and for the time and effort that you have devoted to your responsibilities in this regard.