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FORTY-THIRD SESSION OF THE GATT CONTRACTING PARTIES

Opening Statement by the Chairman Ambassador Mansur Ahmad (Pakistan)

Geneva, 1 December 1987

Ladies and gentlemen, it is with great pleasure that I welcome you to this the 43rd Session of the Contracting Parties.

We can look back with satisfaction over 12 productive months of work. During this period, the Uruguay Round negotiations have got off to a quick start; an essential basis has been laid for the substantive negotiating phases. The regular work of GATT has also been pursued at a high level of intensity. The GATT consultation and dispute settlement mechanisms have once more proved their value in helping defuse and resolve trade tensions.

But this must not lull us into complacency. While we are on course for major results from our current work, these will only be realized if our work is pursued with even more intensity. The problems that we are faced with - whether they stem from the unsatisfactory growth of the world economy and of world trade, or from tensions arising from differences in the policy field - demand immediate attention. We have to make rapid headway towards greater international co-operation in trade matters or be faced with an inexorable deterioration in the trading system. At present, there is more than ever need for the contracting parties to make the right decisions and to send the right signals to help restore confidence among economic operators.

When GATT economists in September published an assessment of trends in world trade, they noted that the widespread expectation of faster growth in world production and trade in 1986 and 1987 had not been realized, that growth rates had remained disappointing, and that no significant improvement could be foreseen in the rest of 1987 and in 1988. A major reason given was the effects of uncertainty on the level of investment in plant and machinery, arising from the persistence of major imbalances in the world economy, notably in trade flows, international payments and exchange rates, together with associated tensions in the policy environment.

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Two months later, the picture is even more sombre. The lack of confidence among economic operators has manifested itself in a major slump in world stock markets and increased instability in currency markets. Some forecasters are already marking down significantly their expectations for world production and trade in 1988. However, this must not make us surrender to the inevitability of an economic downturn. A lot depends on the confidence factor. If the challenges inherent in the current situation galvanize us into adopting appropriate and confidence-building policy measures, the world economy may emerge in a fitter state for sustaining growth than was the case some months back.

Against this background, it may be worthwhile to emphasize three points:

- trade policy makers cannot look in the near future to satisfactory growth as a way of relieving pressures for protectionist measures and trade tensions between countries. These tensions will have to be resolved using the mechanisms at our disposal, notably those in GATT;
- in the present climate, there is more than ever need to avoid trade policy actions that would risk upsetting business confidence, and instead to provide positive signals. The speed with which financial markets react these days to policy signals, including in the trade area, puts a heavy responsibility on all of us and in particular on the major trading powers. Unwise trade policy actions would risk transforming mainly financial difficulties into a major economic crisis;
- over the medium and long-term, we have no alternative but to work for a strengthened and revitalized trading system: one which provides, through trade liberalization and clearer rules of competition, a basis for the adjustment that is needed to deal with the existing trade imbalances and the persistent debt difficulties of a number of developing countries. The prevailing environment of slow growth makes the rôle of trade in keeping open investment flows and encouraging an efficient use of resources even more important.

All this points to the need for contracting parties to abide strictly by their GATT obligations, to make the fullest use of the multilateral mechanisms available in GATT for resolving trade problems and to pursue the Uruguay Round negotiations as expeditiously as possible.

When it comes to short-term policy management, 1987 has seen the introduction of a new mechanism, that for the surveillance of the standstill and rollback commitments. These commitments were of fundamental importance to the launching of the Uruguay Round and remain of fundamental importance to its successful operation. I need thus hardly stress the importance of their being fully respected, and of making full use of the surveillance mechanisms to this end.

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1987 has also been noteworthy for the intensity of the dispute settlement activities under GATT. Since the last Session of Contracting Parties eight panels have been established and five panel reports submitted. While this shows the intensity of trade tensions, it also demonstrates the confidence of contracting parties in the GATT dispute settlement mechanisms. Panels, once constituted, have worked with efficiency and dispatch. However, there is all too often delay in the composition of panels. Early concrete results from the Uruguay Round would be particularly helpful in this area. Not only would they represent an important strengthening of the GATT system in their own right but also help in managing threats that could jeopardize progress in the Uruguay Round.

It is not my intention to say more about the Uruguay Round as such; the institutions with responsibility for carrying out these negotiations will be meeting shortly. However, I do feel that the annual meeting of the Contracting Parties is an appropriate occasion to touch on one point. We must recognize that we are engaged in a process that will determine the shape of the trading system well into the next century and which will have major implications for the national interests of all contracting parties. We must, therefore, by word and deed, uphold the multilateral character of the process so that all participants, big or small, are enabled to play the rôle that they rightfully expect to.

I now declare open the forty-third session of the Contracting Parties.

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