

GATT/1471
4 December 1989

FORTY-FIFTH SESSION OF THE GATT CONTRACTING PARTIES

Opening Statement by the Chairman
Ambassador Amir H. Jamal (Tanzania)

Geneva, 4 December 1989

One of the great pleasures, not to say a special honour, of having the chairmanship of the Contracting Parties is the opportunity to speak to a captive audience at the beginning of the Annual Session. It is certainly not my intention to abuse this rare privilege by dwelling on anything at length. However, it must be said that this is a particularly critical point in time for the GATT. Commentators have rather too loosely and easily referred to the GATT as being at a crossroads in recent years. I note, in parentheses, that they have stopped referring to it as dead in recent months. But perhaps now, in December 1989, we may be looking ahead at a year in which the metamorphosis of the GATT, as we have known it these past four decades, will have advanced to a point of no return. If so, will it have equipped itself to meet the challenges of an increasingly complex multilateral trading system? Will it have provided room for the late-comers on the stage of technological transformation to breathe freely, even as the gladiators develop new muscles and flex them with increasing impatience and unpredictability?

The trading community derives obvious satisfaction at the 8½ per cent growth in world trade registered last year, the highest in the past decade. When one considers the number of countries which actually contributed to this, there are grounds for sombre reflection. And a not insignificant contribution came from economies representing a large mass of humanity which has been marking time at an unacceptably low level of economic activity, and from those others which have had to transform their earnings not into savings, but net capital outflows in service of debt.

In meteorological analogy, the economic climatic conditions prevailing globally as we are gathered here in this conference hall may be perceived to have a couple of rather high pressure zones with several low pressure areas developing rather disconcertingly, fast winds suddenly changing direction while stillness is more than just a feeling. And rather large areas remaining in the doldrums, almost as a fact of life.

Let us give the GATT economists their due. They point at the almost certain 7 per cent growth in trade this year, at the same time observing that the performance is unbalanced. Will the new GATT help towards redressing this imbalance, or will it accentuate trade intensity within a select group of trading nations, already equipped with capital and technology? It is not just that the export earnings of the 32 low-income economies in sub-Saharan Africa were reduced to less than half between 1980 and 1987 from US\$40 billion to US\$17 billion, in sharp contrast to the performance of the world's largest exporter, the Federal Republic of Germany, of US\$323 billion dollars. These predominantly commodity-producing economies in so many cases maintained their volumes of exports while reducing their earnings. The GATT contracting parties have been developing marked sensitivity to dumping practices. When the market dumps commodities on importing countries, very much against the wish of the exporters, this is seen as a welcome anti-inflationary blessing. No one is foolish enough to suggest imposing sanctions on the market with anti-dumping measures. It will simply leave the oceans in which to dump the wretched exporters' produce, or make it fit for a bonfire.

These life and death questions are entwined irretrievably with a search for capacity to acquire, adopt, adapt and innovate technology, in an international environment of a fair and even-handed financial and monetary system. I regret to say that such evidence as has surfaced so far gives little ground to believe that there is a concern to make a new GATT give timely recognition to the historical role that science and technology, as well as the early disciplined phase of the Bretton Woods system, played in advancing the health of the already developed economies.

Nor does one see issues of environment and drug abuse, not to mention of economic space for developing countries to pursue light industrial activities such as textiles, leather goods, durables such as furniture motivating powerful economies to undertake structural adjustment which will shift burdens among social groups within those countries, as many a developing country finds itself having to do within its own awesomely constrained socio-economic framework. Finance ministers are asked to perform miracles by shifting around the 67 or 75 cents or even 1½ dollars per day capita income ~~of~~ of what is now being insisted as almost sanctified "structural adjustment", even without the additional emerging exigencies of environmental preservation and drug control.

Will the new GATT succeed in preventing the structural adjustment costs of environment and drug abuse in the North from being passed on through the market mechanism to the ill-equipped South?

As for the enlightened media of the industrialized North, what the Uruguay Round may mean to the less and least developed economies is obviously of no great concern. For all practical purposes of the Uruguay Round, these economies do not matter. Will the new GATT succeed in preventing this from becoming self-fulfilling?

The Uruguay Round, so far, has brought its early harvest within the GATT itself. It has helped to tighten up dispute settlement measures, which can only do good to the system as a whole.

It has also introduced, albeit on a preliminary basis, its Trade Policy Review procedures. The three contracting parties which have volunteered to be the pace-setters or path-makers if you will, deserve our congratulations and thanks. There is a great deal to be said for doing pioneering work. No doubt we shall learn through the process itself. From one's own rather parochial point of view, if it enabled a better understanding of the extremely tight options available to developing countries as they strive to maintain a growth-orientated equilibrium in the management of their economies, a timely and useful purpose will have been served. There is an obvious need to take account of the altogether limited resources of developing countries as they strive to address themselves to these weighty Trade Policy Review documents. For now, we may take satisfaction that a start on a new and potentially promising path is being made.

Unfortunately, early harvest in areas of direct and immediate concern to developing countries as envisaged at the time of the Punta del Este Declaration has remained beyond our reach. Without ensuring a balance in the final outcome favouring growth-orientated development of many potential trading partners, the negotiators may be running a risk of political reprimand rather than even cautious support.

An open and liberal multilateral trading system is the most likely to ensure efficient use of the world's resources, for developing countries as much as for the advanced developed ones. The key, central, question is what is open and what is liberal. Transparency is openness, itself a liberal virtue. For barely clad, ill-equipped societies, what does an open and liberal system signify? As long as there is an open and liberal understanding shown, in the remainder of the Uruguay Round, of the absolutely vital need for a large number of developing countries to breathe freely, and to develop their potential to the maximum as rapidly as possible, even as they contend with the struggle to escape from commodity and technology dependence, and with the enormous demands placed on them of life-giving environmental protection there is hope that, imperfect as human institutions are, the new GATT will be a multilateral arrangement meaningful to the diversity reflected in the contracting parties. The hope must be that it will enable the developing countries to say "You have had your yesterdays. The new GATT promises us all to have our tomorrows together".

In the past forty-eight hours the waves of the rather choppy Mediterranean Ocean have begun to lash at the gates of the GATT, heralding a major sea change in the global multilateral trading system. The scene is being firmly set for a twenty-first century which will have finally rounded up the circle of a global multilateral trade and exchange system. By then the GATT's half-century contribution to that system will have provided an indispensable foundation on which to build the future.

There is a message for the developing countries here. It is that it is within the power of a few major economies to determine the pace of change and even the character of such a change. There is not an indefinite period of time available to the developing countries - to some more than to others - to get connected with the world's trading system that will enable them to optimise domestic capital formation on a sustained basis, based on hard work and sound socio-economic management. Even the most liberal trading nations imbued with a deep sense of international solidarity will want to see evidence of good faith through visibly sustained performance.

On their part, responsible leadership in the industrial countries would not wish to ignore the message on "Poverty and Environment Degradation" sent out recently by the "World Watch Institute" of Washington D.C. That message is equally clear. Looking at the global prospects by the middle of the 21st century, local and national programmes to alleviate poverty, afflicting by then perhaps half the world's humanity, would avail little without international reforms including debt reduction through an international agreement, an impartial mechanism for adjudicating disputes and lessening protection against import from the South.

Evidently, developing countries want to make the GATT meaningful to them, and make themselves meaningful to the GATT. Indeed, Bolivia and Costa Rica prepare to join our ranks, only waiting to complete their accession ratification procedures. We don't know who will be the 97th and who the 98th but they are equally welcome most heartily, obviously sharing the hopes of other developing countries.

Nine other countries are in various stages of accession or provisional accession, almost all of them developing countries, all of them no doubt sharing those hopes.

It only now remains for me to say what a great pleasure it is to heartily welcome you all, distinguished delegates who have come from afar, and distinguished colleagues resident in Geneva, and to declare this Forty-Fifth Session of the GATT Contracting Parties open.