

GATT/1496
28 November 1990

ARTHUR DUNKEL WARNS OF DANGEROUS EROSION
OF ECONOMIC PROSPECTS IF NEGOTIATIONS FAIL

"If governments don't get to Brussels with the firm will to succeed - and all the ingredients of success are available - if governments are not prepared from the very start of the conference to search for agreement but simply to sit on well-known positions, the meeting in Brussels will be a rendez-vous manqué. But if governments have a vision of what is at stake, I think Brussels will be a rendez-vous réussi", said Mr. Arthur Dunkel, Director-General of GATT, at a news conference today (Tuesday 27 November).

Referring to the draft final act which would be submitted to Ministers in Brussels, Mr. Dunkel said: "The report is a reflection of the present state of the negotiations and is an anticipation of what the final result of four years of negotiations could be. You will find that in three areas, negotiators were not in a position to submit to ministers even a draft agreement, and I am speaking of the three following areas: agriculture, dumping and TRIMS.

"In all areas there is a clear indication of what are the major decisions that ministers will have to take in Brussels. It is a colossal task. But at the same time I must say that there is no precedent in the history of economic or trade negotiations in respect of the areas covered, and the work that has been achieved during these four years. In fact the Uruguay Round combines a number of negotiations which individually would have justified the same interest as the Uruguay Round itself. We could have had a negotiation relating just to the dismantling of the Multi Fibre Arrangement, and as those of you who have spent some time in Geneva know, when we negotiated the Multi Fibre Arrangement, it was by itself a mammoth exercise, and here textiles is just one of the fifteen subjects. On services, if you are looking for a precedent, I can tell you that the negotiations on the General Agreement on Trade in Services can be compared with those on the General Agreement on Tariffs and Trade in the 1940s.

"In other words, to pass any assessment, we have to put, face-to-face, the extraordinary work which has been done in four years with the very challenging task of winding up this Round. In fact, there is no feeling of self-satisfaction. It is, I would say, the opposite which has been dominating the last phases of the discussions.

"Why should this meeting in Brussels be a success? Because the world economy is slowing down. Because reforms are going on in Eastern and Central Europe and these reforms need to be inserted in a strong multilateral trading system. Because reforms are taking place in a number of developing countries in the same direction as those in Eastern and Central Europe. Because the world is suffering from the instability created by the Gulf crisis. Because of all these factors it is more necessary than ever that the international community gets the right signal from the trading community; a signal of predictability and security which is necessary to ensure that the people who produce, invest, sell and who buy, who export, who invent know under what conditions they can contribute not only to economic, but also, to social growth. The Uruguay Round is about creating jobs. But if this vision does not prevail, then everybody will be a loser. The developing countries, including the countries engaged in reforms, would be the main victims. But the major economies would also lose. The losses will not suddenly appear overnight. It will be a slow erosion, and that is the danger, because this erosion is difficult to perceive immediately.

"To sum up, the Round is in a crisis, and the negotiators have to overcome this crisis. The meeting in Brussels is not a restart of the negotiation. It is the continuation of the negotiation from where we are today. In other words, the unblockage in a number of areas - agriculture, services, textiles - has to take place in the first hours or the first days in Brussels. It is a must in order to see the work move forward in a constructive way in all areas of the Uruguay Round. I am convinced that governments will not fail to meet their responsibilities and that the meeting in Brussels will be the starting point for a new, stronger, wider international trading system."

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