

GATT/1524
4 December 1991

FORTY-SEVENTH SESSION OF THE CONTRACTING PARTIES

Opening statement by the Chairman
Ambassador Rubens Ricupero (Brazil)

Geneva, 3 December 1991

Ladies and Gentlemen.

I have the honour to welcome you to this Forty-Seventh Session of Contracting Parties. It is a special personal pleasure for me to do so, since my duties here have allowed me to return briefly from Washington to see again many old friends among you and to find out at first hand how your tireless work on the Uruguay Round is faring. It was not, of course, without regret that I had to leave Geneva earlier this year, just when negotiations for the successful conclusion of this great enterprise - in which we have invested so much effort - are in their final phase.

It is obvious that the Round epitomizes GATT's central role in designing the multilateral economic system that will be the basis of growth and development in the decades to come. But much else in GATT's current work is in tune with the great events and movements that, after the endless stalemate of the Cold War, have set history back on the move and freed the powerful forces that are drastically changing the shape of things to come. In particular, I should mention the radical moves towards market-based economic policies in Asia, Latin America and Africa, not to mention the collapse of centrally-planned economies in Central and Eastern Europe and the Soviet Union; and the growing awareness of the need to address pressing questions like trade and development and environment.

But before looking a little more closely at GATT's work in these and other areas, let me first remind you of the economic background against which that work has taken place since the Contracting Parties last met. It has to be recognised that events in the world economy have not been promising. We have now had three years of slowing growth in world production and trade. Last year, world merchandise trade grew by 5 per cent (down from 7 per cent in 1989) while world output fell from 3 1/2 per cent to 2 1/2 per cent, still - it should be noted, 3 points above world

production. GATT's economists expect the final results for 1991 to show a further marked decline in the volume of trade growth. It would be tragic indeed if at the very moment when all other alternatives of socio-economic organization have been discarded as worn-out and useless, the one to which everybody is turning begins to fail the hopes of mankind. We should not permit the GATT to go down the road towards irrelevance and oblivion. In fact, in a world where other pillars of the Bretton Woods system such as the stability of exchange rates have already been allowed to crumble, where macroeconomic coordination among the mighty has so far proved fragile and unsatisfactory, trade remains the single most important factor in restoring prosperity, employment and economic growth. One of the many missed opportunities of this exercise was that the advantage over the Tokyo Round of having started the negotiations in a period of expanding economy and growth was wasted since we were unable to make sufficient progress when protectionist forces were still kept in abeyance.

One component in recent disappointing economic figures has been the collapse of trade among the countries of Central and Eastern Europe and the Soviet Union. And, if trade in fuels is excluded, the trading results of many of the world's most indebted developing countries have been little better. It should not be forgotten that the present level of most commodity prices, particularly tropical ones, has been the lowest in the whole century, even lower, considerably lower than during the Great Depression. I say this only to emphasize the extraordinary difficulties - most dramatically in social conditions - that are facing these very countries which have decided, autonomously, to set out on the path of economic reform. Governments have grasped the nettle - often at great political risk - of real change. Many have had to take the strain of an immediate deterioration in domestic welfare in the expectation of positive effects and economic recovery in the medium term.

It really cannot be said too often that the Uruguay Round is an integral part of these huge changes in so many countries. Many governments have, in fact, moved in anticipation of a successful result in these negotiations.

Domestic economic reform needs the support of, and opportunities provided by, an efficient multilateral trading system. A world dominated by trade discrimination and unilateralism is not an option if movement to economic and political freedom is to succeed. To be quite frank, let me say that despite good-intentioned efforts to depict in bright colours those worrying trends, there is no such thing as a second best option for a genuine multilateral non-discriminatory trading system. The problems faced by reforming countries cannot, indeed, be resolved by financial transfers from the industrial countries. But the chance to trade in an open environment of undistorted competition most assuredly is a precondition without which reform programmes could unravel and perhaps go into reverse. With that could come the more frightening prospect of civil disorder, a loss of faith in democratic forms of government and even a return to authoritarian rule. In that case, the pessimistic prediction once made by

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a former Latin-American President that the solidarity of the better-off is only of the post-mortem variety, would unfortunately come true.

The GATT is already making its contribution to the process of reform. Work is beginning on the special protocols of accession of Hungary and Poland, for instance. The Soviet Union is now present at our Council meetings as an observer. This year, we saw the first special trade policy training course designed specifically for trade officials of Central and Eastern Europe and the Soviet Union. And the Secretariat has not spared any effort to advise and assist all governments in that region with respect to reforms of trade policies. In our modest scale we are thus striving to correct the fateful decision that led, in the aftermath of World War II, to the creation of two separate and even opposing economic systems, a division that we are finally setting about to overcome through a unified trading system.

The Secretariat has also continued to provide technical assistance to developing countries, not only within the context of the Uruguay Round, but also to facilitate their participation in, and fuller integration into, the trading system. This is of vital importance now, and will be even more so in the future as the results of the Uruguay Round come into place, and developing countries increase their participation in the system.

For many countries, reform is central to their negotiations to join the GATT and, vice versa, integration into the trading system is a crucial element in their economic reform plans. In the past eighteen months GATT's membership has grown from 96 to 103 - and eight more countries are in one stage or another of negotiating their entry. All of these negotiations have required ambitious commitments to reform - covering both tariff and non-tariff measures. The acceding countries have accepted commitments largely on the basis that trade reform is a positive end in itself. But this evolution is also testimony to the fact that more and more countries are turning to the GATT system as the route for their integration into the mainstream of international economic relations. In that process the GATT has acquired the qualities it sorely lacked at its inception: it has become truly universal and representative of the complex diversity of an international system composed of more than a hundred units at different levels of economic development. As we now move towards overhauling its institutional aspects in the negotiations, we should avoid the mistake of compromising the valuable flexibility which enables the system to accommodate differences without sacrificing the need for effectiveness. As Professor John Jackson has recently reminded us in a seminar, however much we can long for the missed homogeneity of the nineteen fifties, flexibility was and is the quality required to allow GATT to adapt to the changing times.

Another aspect of GATT's work in urgent need of a successful outcome to the Round is dispute settlement. Although the changes introduced after the Mid-term Review have helped to streamline the process, the problem of implementation of adopted panel reports remains. Indeed, it has worsened. This is especially so in a number of significant cases where major traders have yet to implement Council decisions. As the Director-General has

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recently remarked, no amount of procedural improvements will replace good-faith behaviour by governments in encouraging the system to work effectively. Certainly the faith of smaller and less-developed countries in the system can only be secured if the most powerful choose to be fully accountable. Finally, let me refer briefly to the emerging issue of trade and the environment. I am glad, of course, that the consultations started early this year led finally to a first meeting of the working group as recently as last week. Clearly, environment is a challenge for future multilateral cooperation - and, therefore, for all multilateral organizations, including GATT. At the same time, it has always been evident that this particular institution should examine the links between environment and trade policies in a systematic and coherent manner - neither being rushed into ill-considered or counter-productive reactions nor disregarding the genuine urgency felt by many governments to get ahead in tackling environmental problems. It is admittedly an area full of dangers for the health of the trading system and, indeed, for those whose priorities lie in environmental protection. There is no reason, however, to fear that the goal of reconciling environmental protection with sustainable development, to which the international community has committed itself in anticipation of the UN Conference on Environment and Development to be held in Rio de Janeiro in about six months, will prove incompatible with a healthy and equitable system. I believe the GATT will respond to this challenge in the same rigorous, well-researched and balanced manner that marks its work elsewhere.

Ladies and Gentlemen.

Four years ago, when I was passing through the initiation rites of this severe organization I tried to disguise my paralyzing feeling of inadequacy by recalling a few historical and literary quotations that were able to amuse and distract our colleagues from the deadly serious business of tending to international trade. Now that I am preparing to leave you definitely, and on the eve of the celebrations of the fifth centenary of the meeting of the European and American peoples, permit me to abuse once more your indulgence and quote at length from Charles Boxer, a remarkable British historian who is, in his eighties, the Dean of Portuguese and Brazilian studies. In the wonderful prologue to his book on "The Portuguese Seaborne Empire" he says:

"The Spanish chronicler, Francisco López de Gómara in the dedication of his General History of the Indies to the Emperor Charles V in 1552 described the Iberian seafarers' discovery of the ocean routes to the West and East Indies as being 'the greatest event since the creation of the world, apart from the incarnation and death of Him who created it'. Just over two centuries later the Scots political economist, Adam Smith, stated virtually the same thing when he wrote: 'The discovery of America and that of a passage to the East Indies by the Cape of Good Hope are the two greatest and most important events recorded in the history of mankind.'

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Even in this age of space travel many people - including some who are not Christians - may think that López de Gómara and Adam Smith were not far wrong. For the most striking feature of the history of human society prior to the Portuguese and Spanish voyages of discovery was the dispersion and isolation of the different branches of mankind."

It is not necessary to indulge in the excesses of economic interpretation of history to state that the main drive behind those epoch-making events was the desire to dominate the trade in the fabulous riches of the Indies. Five centuries later, after political and ideological walls have crumbled, when we are about to overcome the isolation of different civilisations and complete the final unification of economic space in a planetary dimension we should keep clear in our minds that trade is the unifying force that brings people together and gives reality, humble but practical reality, to those lofty dreams. That is why history would never forgive us if we miss this last of so many opportunities to conclude a round of negotiations that could be seen as a sort of constitutional assembly of the unified space of the global economy. As they say in my country, after a perilous voyage in which we had to swim over an ocean from the wreckage of so many past disasters we cannot afford to die just at the moment that we are reaching the beach. For no international order, either ancient or new, will be able to survive for long in peace and prosperity if it is not based on a balanced, equitable and non-discriminatory multilateral trading system. This is the task to which we all, representatives here and the Governments big and small that give us instructions, should attend with a sense of utmost urgency but without sacrificing the need for a transparent and democratic process that will build upon the solid foundations of a just balance of interests and goals. This and the practical realities of international trade is the substance of our work in the coming days. May I welcome you once more and declare this Forty-Seventh Session of GATT CONTRACTING PARTIES open.

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