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ESCALATION OF TRADE FRICTIONS COULD POISON URUGUAY ROUND
NEGOTIATIONS - WARNS GATT DIRECTOR-GENERAL

Given the forecast of little or no economic recovery in the major trading nations during 1993, the world economy could be further put at risk if the current trade frictions escalated into a series of retaliations and counter-retaliations and poisoned the Uruguay Round negotiations, warns a report¹ presented by the Director-General to the GATT Council today (13 May).

In his report, Mr. Arthur Dunkel stresses that bringing the Round to a successful conclusion in 1993 is the only way to end the uncertainty that has surrounded trade relations since the failure to conclude the negotiations on schedule in December 1990. "There have been a number of trade frictions involving principally the European Communities, Japan and the United States, including claims and counter-claims about whose markets are relatively more open or closed."

The report describes the busy agenda of regular work in the GATT since the beginning of 1992, even as countries continued their efforts to conclude the Uruguay Round. It notes the commitment by a growing number of countries to integrate themselves into the multilateral trading system: 7 new contracting parties; 6 new requests for accession; 4 new working

¹"Council Overview of Developments in International Trade and the Trading System", Annual Report by the Director-General, available free from the GATT Secretariat in Geneva.

parties to consider accession requests; and 11 new observers, including almost all the republics of the former Soviet Union.

At the same time, the report also notes that 18 new regional trade agreements were notified to the GATT during the period under review, pointing to a growing interest in regional economic integration. Fifteen of these agreements are being examined by working parties to ensure that they are in conformity with GATT requirements. In addition, 17 reviews were held under the trade policy review mechanism, and 11 more reviews are scheduled for the remainder of 1993.

Activities in the newest of GATT's important areas of interest - trade and environment - included the work of the Group on Environmental Measures and International Trade, the Secretariat's submissions to the Preparatory Committee for the United Nations Conference on Environment and Development (UNCED), and the work being carried out in preparation for the Council's meeting towards the end of this year to review GATT's follow-up to UNCED.

Another major area of GATT's work during the period under review was the resolution of bilateral trade disputes under the General Agreement and the Tokyo Round agreements. The report documents a sharp increase in the number of anti-dumping and countervailing actions, particularly the growing number of initiations by non-OECD countries. "While in many instances the introduction of anti-dumping and countervailing duty legislation is part of a programme to liberalize the trade régime, care must be taken to ensure the legislation and its implementation are consistent with GATT obligations."

Other disturbing trade policy developments highlighted by the report include the continued maintenance of quantitative restrictions outside the GATT framework "which both restrict trade and weaken the authority of GATT's rules." In addition to the 127 restraint arrangements or bilateral import quotas affecting trade in textiles and clothing, the report contains an inventory of 79 bilaterally agreed or unilaterally imposed restraint arrangements.

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