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**COOPERATIVE STRATEGY FOR EXPANSION OF GROWTH AND EMPLOYMENT
AND CONCLUSION OF URUGUAY ROUND REQUIRE DECISIVE ACTION
BY GOVERNMENTS NOW, URGES JOINT DECLARATION BY
WORLD BANK, IMF AND THE GATT**

'Failure would lead to major economic and social implications for all countries'

"We, the heads of our respective Institutions, join Ministers in their unanimous conviction of the critical importance their governments must give to the successful conclusion of the Uruguay Round by the end of the year," said a declaration issued jointly by Michel Camdessus, Managing Director of the IMF, Lewis Preston, President of the World Bank, and Peter Sutherland, Director-General of the GATT, in Washington DC today (Monday 27 September).

"The actions required by participants are clear - and amount to changing policies detrimental to both growth and social welfare in their own countries. The result will be a much needed strengthening of growth opportunities everywhere. The time to act is now.

"We thus have decided to stress jointly that the cooperative strategy toward expansion of growth and employment requires decisive action by our governments NOW if the opportunity provided by a successful Uruguay Round is not to pass.

"Failure to conclude the Round would lead to greater protectionism and loss of confidence, with major economic and social implications for high and low-income countries alike."

The full text of the joint declaration is attached.

MORE

**JOINT DECLARATION BY THE MICHEL CAMDESSUS, MANAGING DIRECTOR OF
THE IMF, LEWIS PRESTON, PRESIDENT OF THE WORLD BANK AND PETER
SUTHERLAND, DIRECTOR-GENERAL OF GATT**

Washington, 27 September 1993

We, the heads of our respective Institutions, join Ministers in their unanimous conviction of the critical importance their governments must give to the successful conclusion of the Uruguay Round by the end of this year. The actions required by participants are clear - and amount to changing policies detrimental to both growth and social welfare in their own countries. The result will be a much needed strengthening of growth opportunities everywhere. The time to act is now.

The growth of world trade and financial flows over many years has provided an important basis for the development of nations; in the past year it has provided virtually all growth in the industrial nations. The opportunity to enhance the contribution of trade to overall economic activity in the decades to come, through providing greater stability by updating and strengthening multilateral trading rules and liberalizing trade in all sectors is within grasp. We thus have decided to stress jointly that the cooperative strategy toward expansion of growth and employment requires decisive action by our governments now if the opportunity provided by a successful Uruguay Round is not to pass.

With the end to strengthen economic activity, and particularly job creation, a successful Uruguay Round would do much to remove uncertainty and increase business opportunities. Failure to conclude the Round would lead to greater protectionism and loss of confidence, with major economic and social implications for high and low-income countries alike. It could also put at risk the new democracies in Eastern Europe and the countries of the former Soviet Union, for which economic reform and assimilation into the global economic system are vital to political stability and economic growth.

Failure to conclude would validate the rising wave of protectionist rhetoric and increase the danger of a vicious circle in which heightened protectionism impedes economic recovery, and the lack of recovery in turn feeds protectionist pressure. Experience shows that defensive measures to protect sensitive industries may preserve jobs in those industries for a short time, but will destroy jobs elsewhere - nationally and globally- through increased prices and taxes, lower wages, and lower job growth. Liberal trade, based on clear and predictable rules, on the other hand, leads to a virtuous circle of lower prices, higher wages, and more vigorous job growth.

Uncertainty about industrial nations' commitment to the multilateral trading system puts at risk the success of many countries that have unilaterally liberalized their trading regimes in recent years and discourages others from following in their footsteps. Continued opening of markets - their own and those of industrial economies - is critical to the growth of lower-income countries. Higher-income countries, rather than fear such growth, should encourage it as it expands the markets for their own export industries. Resistance to competition has never led to enduring income growth. Thus, the positive response is restructuring industry and retraining labour, which is the route to higher living standards for all.

With so much at stake, political hesitations and vested interests must be put aside. Difficult and visionary decisions need to be made quickly to conclude the Uruguay Round and thereby contribute to a return to substantial and sustainable economic growth.

Michel Camdessus
Lewis Preston
Peter Sutherland

Managing Director, IMF
President, World Bank
Director-General, GATT

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