

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Statement by Mrs. Helen B. Junz
Special Trade Representative and Director of the
Office in Geneva
(Speaking as an Observer)

Mr. Michel Camdessus, the Managing Director of the International Monetary Fund, has asked me to convey to you his profound regret at not being able to be with you today.

It seems most appropriate that seven years of complex negotiations to create a strengthened multilateral trading system should culminate in Marrakesh, a historic crossroads of trade routes in a country that in our time has demonstrated its strong and ongoing commitment to economic and trade reform. It is also fitting that we, of the International Monetary Fund, can salute, in this our 50th anniversary year, our sister institution, the World Trade Organization (WTO). It has been understood, from its inception, that the achievement of the Fund's own objectives was intertwined with the successful operation of a multilateral mechanism aimed at achieving freedom from impediments in international trade as the Fund seeks to achieve with respect to international payments. Thus, the Executive Directors of the Fund, in their annual report for 1947, already remarked that "the importance to the Fund of a successful international trade organization can hardly be over-emphasized".

As the WTO readies itself for its new tasks, we, in our middle age, are taking stock of our ability to meet the challenges of the future. Our joint goals, however remain the same as were foreseen at Bretton Woods 50 years ago. Thus, one of the purposes that the Fund was to serve is: "the expansion and balanced growth of international trade, to contribute to the promotion of high levels of employment and economic growth nationally and globally". More broadly, the shared goal was, and remains, to help create conditions that would assure prosperity with justice for all, in recognition that the goal of greater economic and social well-being is increasingly dependent on governments adopting coherent and mutually supportive policies. However, circumstances, and with them the chances for success, have vastly improved from what they were when our founding fathers sought to avoid the mistakes of the past. We operated, for the most part of our existence, in a world divided, politically along East-West and economically along North-South lines. As the East-West wall fell and the response to economic challenge in the four points of the compass became increasingly similar, old cohesions and artificial divisions fell away as well.

It has become generally accepted that "go it alone policies" are no longer a serious or sustainable option in a global and interdependent world for any country, no matter how large or small. Now that the national accounts are open for inspection, we can see what a crushing opportunity cost was borne until the recent past by countries such as Albania, which "opted out". Accordingly, a broad consensus toward pluralistic systems and allowing market forces to allocate resources has emerged. And this orientation has been strengthened with the demonstrated success of many countries in Latin America

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and Asia, and in some Eastern and Central European and African countries as well, where economic growth has become increasingly robust and the fruits of economic success more broadly shared. This has been in stark contrast to those countries that have chosen a separate path or that have lagged behind in their efforts to integrate into the international economy.

The success of the Uruguay Round will do much to anchor the bold steps, undertaken by an increasing number of countries, toward economic reform; reform in which trade liberalization figures prominently. And it will be the task of the WTO, in cooperation with the Bretton Woods institutions, to stand guardian over this success. Before Marrakesh, it might have been possible - just - to maintain the counterfactual view that national frontiers also act as dividing lines between the spheres of domestic and external economic policy. Border barriers and controls on the flow of goods, services, capital and human resources sought to maintain the fiction that it was possible to keep the outside world at bay and to insulate domestic interests from external intrusions. This fiction has been swept away; globalization of economic activities is here to stay and efforts to deny this only lead to marginalization. The Marrakesh documents testify to this; to the multilateral recognition that the universe of trade-related policy measures has grown substantially; and to the associated need for an outward-looking, transparent and rule-based trading environment.

However, with success also come new problems and risks. As it has become more and more evident that trade policies no longer deal strictly with cross-border measures, but are an integral part of domestic competition policies, and as domestic policies, in turn, have become increasingly oriented toward reduction of structural impediments to the efficient use of resources, the opposition of those benefitting from the status quo has become more virulent. Thus, it is necessary to assure that the positive effects of the greater predictability of the trading environment and of the liberalization embodied in the Uruguay Round agreements, not be frustrated, or indeed forgone, by new uncertainties as vested interests mobilized to defend their positions.

Judged by any standards, the successful conclusion of the Round is an outstanding achievement of multilateral cooperation. The collective will to succeed prevailed, in the end, over the hesitations and back-tracking inspired by narrow visions of momentary national advantage. Probably the most important change brought about by the Round is its contribution to good governance in the realm of international trade and investment. It provides a framework for a more open international system. For individual economies, more open relations with the rest of the world have been recognized as bringing valuable benefits: they generate economic growth, encourage the diffusion of innovation, help create new employment and speed up structural reform. These are all worth having at the national level. But they can bear fruit fully only when open relations are part of a multilateral consensus, such as is incorporated in the agreements about to be signed here.

This brings me back to the fundamental objectives, which are embodied in the specific mandates of the Fund, the World Bank and the WTO. What I have just said demonstrates - I believe - the complementarity of our three institutions. This relationship has been recognized in the texts before us. Indeed, successful cooperation between our organizations would help achieve better coherence of financial and trade policies globally, especially now that our membership is approaching universality and the reach of the WTO will encompass all important sectors of trade. But the impetus has to come from coherence of policies at the national level. Domestic policies today are gauged instantly by both domestic savers and foreign investors, and it is their consistency and sustainability that will determine their success or otherwise. The task of our institutions will be to help assure that the "otherwise" becomes a fading eventuality in a world economy that accepts globalization as a positive challenge.