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## ICELAND

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Minister for Foreign Affairs and External Trade

To have a sense of future direction, one must also have a sense of one's past. It is thus particularly appropriate that this Ministerial Conference should coincide with the celebration of the 50th Anniversary of the multilateral trading system. As we endeavour to chart a course for the World Trade Organization into the new Millennium, we can readily draw both wisdom and inspiration from the vision of our founding fathers half a century ago.

Their foresight has been central to the peace and prosperity of the post-war era, during which we have witnessed unprecedented trade liberalization and ever-increasing interdependence on a global scale. Here on the threshold of a new century, we have both a responsibility to maintain past momentum and to face the future challenges of a rapidly changing world. These challenges are such that the fundamental importance of the multilateral trading system and its potential to contribute to world welfare can never have been greater.

In establishing the World Trade Organization on 1 January 1995, we realized the dream of creating an independent institutional framework for the multilateral trading system. Under the weight of great expectations, the WTO deserves recognition for its exceptional performance over these infant years. It has proven up to the task of overseeing implementation of the Marrakesh Agreements, handling a great number of difficult trade disputes and successfully conducting complex trade negotiations. We particularly welcome the conclusion last year of negotiations on basic telecommunications, financial services and the Information Technology Agreement, achievements that represent a solid foundation for the technology-driven trading system of the 21st century. We must now prepare to build on these successes.

The full and faithful implementation of our agreements is a matter of fundamental interest to all WTO Members, developed and developing alike. This must remain a top priority if our credibility is not to suffer. Iceland's overall assessment of implementation to date is positive and we commend the efficiency of WTO bodies in monitoring compliance. The performance of the Dispute Settlement Understanding is especially to our satisfaction. We are not oblivious to the fact that genuine implementation problems exist, particularly with respect to developing countries, but we have the means at our disposal to tackle these effectively and we should direct all efforts to that end. We caution against any renegotiation of WTO commitments, which we think would be to the serious detriment of both the multilateral system and those Members who are tempted to look to such action for short-term advantage.

For the WTO to live up to its name, we must aspire to global membership and accelerate ongoing accession negotiations, keeping in mind that the terms and conditions of each accession should serve to strengthen the multilateral trading system as a whole. Its primacy must not be called into question.

The relationship between the multilateral system and regional trade agreements will continue to be the subject of thoughtful debate in light of the global proliferation of the latter, but we firmly believe the two will evolve as partners, not opponents.

The WTO's track record shows that its contribution to world welfare and its relevance to the global economy cannot be seriously disputed. We must make every effort to ensure it stays that way by remaining responsive to new realities and receptive to new ideas. We must continue to renounce the use of protectionist measures and advance the process of trade liberalization through broad-based multilateral negotiations, thus promoting global economic growth and development. At the same time, we must strike the necessary balance between the need for confidentiality and the desire for greater transparency so as to promote the public awareness and confidence the WTO so deeply merits.

Iceland remains firmly committed to ongoing WTO work and the built-in agenda, including negotiations on services and agriculture that are already mandated to start by the year 2000. But our vision of the future goes beyond this. We believe we should adopt a more comprehensive approach and create a negotiating environment conducive to achieving maximum results, taking into account the different interests of WTO Members. We support the idea of launching negotiations on industrial tariffs alongside those already foreseen. But to draw the line that would be to disregard the demands and dynamics of today's globalizing world economy, to ignore the fact that a range of new issues are now as central to trade and global welfare as our traditional concerns, to side-step the fundamental responsibility of the WTO to incorporate these new realities into the multilateral trading system.

Some aspects of these issues are already being addressed in the WTO and we must intensify efforts to determine how they should be treated within the multilateral framework. The interlinkages between trade, competition and investment policies are such that these must increasingly be seen as a unified whole. We should not exclude the possibility that our work will have advanced sufficiently by the turn of the century for us to embark on negotiations on multilateral rules and disciplines to govern this interplay. Traditional trade barriers have fallen away to expose an array of complex trade procedures that remain a burden on business. We are convinced that there is scope for WTO rules in the area of trade facilitation.

We believe a more ambitious agenda could also be pursued in the area of trade and the environment. As a nation heavily dependent on the utilization of natural resources, Iceland is firmly committed to the objective of sustainable development. Trade liberalization and environmental protection policies must develop in harmony through multilateral cooperation if this is to be realized. There is no inherent contradiction between the two; they should in fact be seen as mutually reinforcing. But there is a clear need for us as governments to pursue coherent and consistent national and international policies, favouring multilateral solutions over unilateral action. So central is this question to world welfare that the WTO cannot but start looking beyond the analytical to the operative.

Electronic commerce may still be in its infancy, but given its astounding growth rate the implications for world trade are readily apparent. We attach tremendous importance to the creation of a stable, free and equitable environment within which global electronic commerce can continue to prosper with minimum government intervention. A useful first step in that direction would be for WTO Members to agree to a standstill whereby the current practice of not levying customs duties on electronic transmissions would be maintained. At the same time, we should engage in a comprehensive debate covering all trade-related aspects of electronic commerce with the aim of clarifying to what extent current WTO rules apply to electronic commerce and defining, as appropriate, the scope for new or improved disciplines.

These are ambitious objectives, but not out of our reach. We need only to keep an open mind and approach the task at hand in balanced, non-prejudicial fashion. A decision to launch comprehensive negotiations at the turn of the century will only be taken by consensus. We are prepared to commit ourselves to a preparatory process that would enable WTO Ministers to take any appropriate decisions on the nature and scope of this negotiating environment at the Third Session of the Ministerial Conference. Without this course of action, we may deny ourselves the opportunity to respond to the challenges of the globalizing world economy. We could place the momentum of trade liberalization at risk and endanger the economic growth and development we all pursue. And we would certainly fall short of the praise our founding fathers so richly deserve when history becomes our judge.

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