

GENERAL AGREEMENT ON TARIFFS AND TRADE

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DENMARK: STATEMENT BY H.E. MR. K. ERIK TYGESEN, STATE SECRETARY FOR
FOREIGN AFFAIRS, AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

Let me first of all congratulate you upon your election as Chairman of this important, indeed crucial, Ministerial Session of the Contracting Parties. I would also like to thank you and through you the Government and people of Uruguay for your extensive preparations of this session and for the friendly welcome extended to us. I am confident that under your able leadership we shall decide to launch an ambitious, comprehensive and balanced New Round of multilateral trade negotiations.

The New Round must be launched for several reasons.

One set of reasons is related to the unsolved problems of the past.

The open, multilateral trading system, which was among the decisive factors behind the unprecedented economic growth and development in the first 25 years after the Second World War, is now in difficulties. For the last 13 years the growth in international trade has been sluggish. Strong calls for protectionism and bilateralism are voiced from many quarters. Technical barriers to trade are raised. Sectorial arrangements are created. The GATT Safeguard Clause is not being applied, but other mechanisms are invented instead.

This trend must be stopped and reversed. And that cannot be done in isolation. Comprehensive and balanced multilateral trade negotiations therefore are a necessity.

The second set of reasons is related to the problems of the future.

What was good enough 40 years ago, is not necessarily good enough today. A number of the GATT procedures, for instance in the field of dispute settlement, need modernization. But not only formal matters should be brought up to date. GATT must also in substance be able to meet the future: trade in services is becoming more and more important as services are becoming increasingly crucial to employment, growth and development. And an expansion of trade in services will undoubtedly facilitate the much needed structural adjustment. The problems of adequate protection of intellectual property rights is also of growing importance and unless

properly addressed, those problems could indeed become a very serious obstacle to the expansion of trade. These questions are also related to investment issues and there can be no doubt that certain investment measures can and do limit or distort trade.

These non-traditional GATT issues are clearly in need of attention and action in our future work. As they are non-traditional, they require a thoughtful and gradual approach. But if we do not now take up the challenges of today and of tomorrow, GATT will become more and more obsolete and irrelevant. We therefore now must begin to formulate the supplementary rules needed to promote trade in the decades ahead.

The New Round must result in a dismantling of barriers to trade, in increased access to foreign markets and in structural adjustment on economically sound criteria. This will be of major importance to the developing countries which have - probably more than others - been suffering from the slow growth of international trade in the last decade. Their development process will be greatly promoted by better access to the markets of the industrialized countries.

In this connection, however, we should not overlook that as they progress, the developing countries have great benefits to draw from and significant contributions to offer to the open, multilateral trading system. When the developing countries in accordance with their economic abilities gradually participate more fully in the framework of rights and obligations under the General Agreement, this will increase trade through predictability and transparency.

Furthermore, when the benefits of better access to foreign markets for the products of the developing countries are spread out at home in a socially equitable way, this too will contribute to promoting economic growth and accelerating trade.

Agriculture is one of the crucial issues in front of us and agriculture is special in the sense that while most of us can do without home-production of certain industrial products, none of us can do without some agricultural production. Our rural areas must be inhabited, and in case of emergencies we must have a certain degree of self-sufficiency.

We have witnessed an unprecedented growth in farming productivity in the recent years, and this trend will be even stronger in the future with the continued development of new technologies. But already today there is no balance between supply and demand with the consequent trade friction among leading agricultural producers.

This situation must be brought under control through co-ordinated action. We should not focus particularly on this or that element of

agricultural policy. But we must address the core of the problem, i.e. the imbalances inherent in the present situation and in the perspectives for the future. GATT is perhaps not yet quite geared to this task, but it is necessary that we now stop trying to cure the symptoms of the malaise and that we instead concentrate on securing an overall better balance between supply and demand.

Let me conclude by stressing that the alternative to the New Round is not the status quo. The alternative to the New Round is an increased deterioration of the open multilateral trading system with more protectionism and more bilateralism.

We must launch a New Round to preserve and develop the open, multilateral trading system. We must address not only the problems of yesterday, but also of tomorrow. The Round must deal with the concerns not only of some - it must address the concerns of all of us. In view of the sad state of the international economy, an ambitious, comprehensive and balanced New Round is to my government no longer an option, it is a necessity.