

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

MIN(86)/ST/48
18 September 1986
Special Distribution

Original: English

KENYA: STATEMENT BY HON. PROFESSOR JONATHAN K. NG'ENO, MINISTER FOR
COMMERCE AND INDUSTRY, AT THE MEETING OF THE GATT
CONTRACTING PARTIES AT THE MINISTERIAL LEVEL,
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

Let me express, on behalf of my delegation and on my own behalf, our sincere thanks to the Government and the people of Uruguay for the warm and cordial reception accorded to our delegation, since our arrival in this picturesque and beautiful resort of Punta del Este.

I would also like to congratulate you sir on your election as Chairman of this Ministerial session of GATT CONTRACTING PARTIES. I have no doubt whatsoever that under your wise guidance, this session will come to a successful conclusion of its deliberations.

I should further like to express our sincere gratitude to the Director-General for the excellent organization he has made for this conference. Last but not least, I would like to express our gratitude to the Government and the entire people of Uruguay for the magnificent facilities provided for our deliberations.

As we meet to initiate the next round of GATT multilateral trade negotiations, it is proper and fitting that this subject be viewed in a wider perspective, in the context of international economy. The world economy has witnessed its deepest crisis in the past few decades, and its effects have assumed serious and unprecedented dimensions in the industrialized and developing countries alike.

While the world has lived through these continuous crises since the collapse of the monetary system in the 1970s, it is now the multilateral trading system itself which is undergoing even more severe strains and stresses. There is no doubt that the international trading system is being increasingly undermined, and the cardinal principles enshrined in the General Agreement have been seriously eroded.

One formidable problem in this context is the grim scenario of widespread restrictive trade measures adopted by developed countries to the disadvantage of healthy growth of market forces. The catalogue of these measures is well known to all of us and needs no elaboration. It is however, sufficient to observe that these practices have caused widespread disorder in the world trading system. Worse still, there are numerous indications that the world trade is drifting into a new wave of more sophisticated protectionism, thereby posing new threats to the already crippled multilateral trading system.

Multilateral trade negotiations have been held from time to time in GATT, focusing attention on the reduction of tariff barriers to trade. It was only during the Tokyo Round of meetings that the non-tariff barriers occupied the centre stage. I have in mind Part IV of the General Agreement providing for special, differential and more favourable treatment, for the less developed contracting parties, and "Enabling Clause" establishing a standing legal basis for this special treatment. Detailed codes and agreements intended to elaborate and bring about uniformity in application of GATT rules with respect to various issues, as well as to govern international trade in certain sectors were also evolved during the Tokyo Round.

The codes were, however, a major deviation from the cardinal principles of GATT. The two glaring failures of the Tokyo Round were lack of agreement on the application of safeguard measures and lack of any improvement as well as failure to create appropriate enforcement mechanism in dispute settlement. It is my view that the main threat to the multilateral trading system emanates from inadequacies in these areas, and the proliferation of trade measures outside the GATT system directly stems from lack of suitable agreement on safeguards.

It is sad to note that instead of the contracting parties arresting the situation, the march towards more intensified protectionism continues unabated.

This is the background against which we are gathered here in Punta del Este, to launch the next round of GATT meetings. It is, therefore, necessary that we recognize and appreciate the root causes of the present crisis, and evolve genuine solutions. The answer to the crisis lies not so much in the symbolic action of initiating the meetings, as in mapping out the correct perspectives and the right priorities for such negotiations.

The paramount objectives of the forthcoming negotiations should be the removal of the present inequalities and imbalance in the trading system. In this regard, the backlog of the unfinished work initiated during the Tokyo Round must be tackled on an urgent basis. This would in our view go a long way in preserving and injecting equitable balance in the trading system. It would also restore confidence and credibility in the multilateralism enshrined in the GATT framework.

Let me draw the attention of delegates to the appeal made in the GATT Ministerial meeting of 1982 and the UNCTAD VI in Belgrade, for commitments to the "rollback" and "standstill" regarding protectionism. Despite these calls and in spite of a slight economic recovery in some countries there has been no move towards this end. It appears, therefore, logical to

suggest that a new round should be preceded by fulfilling these commitments on the part of contracting parties. In the absence of such commitments, the trade negotiations we are about to launch would have very little meaning for the contracting parties as a whole. The prevailing unsatisfactory trading system cannot be a firm foundation upon which to conduct new trade negotiations.

Another priority area for a new round of negotiations is the issue of safeguards. Although there has been convergence of views on a number of issues relating to safeguards, fundamental disagreements regarding the coverage of "grey area measures" have continually blocked any consensus on this subject.

It is hoped that the recommendations of the Committee on Safeguards to the 1984 annual session will form the basis of negotiations in the proposed round.

Delegates will recall that the issue of trade in agriculture has been outstanding since the Tokyo Round. In fact the problems of this sector have been with us since the inception of GATT.

Liberalization of trade in agriculture including tropical products still remains one of the critical issues for developing countries, and my delegation attaches considerable importance to it. We are dismayed by the fact that some contracting parties which religiously advocate liberalization in other areas are at the same time major proponents of protectionism in the agricultural sector. It is our earnest hope that the recommendations of the Committee on Agriculture as submitted to the annual session of CONTRACTING PARTIES in 1985 will form the basis for negotiations in this area. It is our strong belief, that the adoption of these recommendations would to a considerable extent, bring trade in agriculture under the effective rules and disciplines of GATT, to the benefit of all contracting parties.

Unless this is done, no tangible results will be derived from the forthcoming negotiations. Such negotiations would not only bring into question the credibility of GATT, but would be devoid of any relevance particularly to developing countries.

Finally, I would like to assure you of the full support and co-operation of my delegation in adoption of any measures that would ensure success of this session and subsequent round of GATT multilateral trade negotiations.