

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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GREECE: STATEMENT BY MR. G. KATSIFARAS, MINISTER OF TRADE,
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

May I congratulate you on your Presidency and on the flawless preparation and conduct of the Punta del Este Ministerial Conference.

For the first time a GATT Round is being launched in a developing country, and this gives a new dimension to the negotiations which will begin after the present conference. Let me therefore extend to you Prime Minister Andreas Papandreou's personal greetings and express, on his behalf, the hope that the discussions at the present conference will lead to the successful launching of a New Round of multilateral negotiations.

In view of the launching of a New Round of multilateral trade negotiations we cannot avoid being faced once again with a problem, which is both old and crucial: the pros and cons of liberalizing world trade. In my studied opinion, rather than to adopt a purely theoretical approach or consider the problem from under its political aspects we should concentrate on a realistic review of the economic interests of each GATT member country or group of member countries and seek mutual concessions that will permit greater and yet balanced liberalization.

In the first place, it is evident that there are manifestations and threats of protectionism, the effects of which could be disastrous and lead to a shrinking of world trade. All economies would be adversely affected by such a shrinking of world trade, some in the short run and some in the long run. The spread of scientific progress and of modern technological development - to single out just one aspect of these adverse effects - should not and must not be impeded by protectionist barriers.

It is obvious, however, that the aforementioned dangers alone do not constitute a satisfactory basis for the launching of a New Round of negotiations. Each contracting party is sovereign and must weigh its interests carefully and without being subject to any pressures.

Up until now, the effects of implementing the agreements of earlier Rounds have been indisputably beneficial, and this bears out the need for a New Round not only with a view to averting the existing dangers, but with a view to the further development of world trade and to providing all contracting parties with new opportunities for economic progress.

Of course this does not mean that liberalization of world trade is the panacea that will solve all the economic problems of the modern world. On

the contrary, I would even say that general and imbalanced liberalization of trade may well lead to adverse effects like, say, trade imbalances between different GATT countries, which, as we know, has already happened.

The implementation of world-wide free competition is contingent upon a number of conditions, which, at least today, it is impossible to fulfil for reasons which are either of an economic or of a more general political nature.

For example, trade relations between countries or groups of countries cannot be balanced in conditions of free competition unless adequate levels of freedom are ensured with regard to financial flows and the movement of the factors of production, unless adjustments are made in monetary arrangements, etc.

Let me point out at this juncture that imbalanced development is a situation which does not arise only in the relationship between developed and developing countries, for this view of the situation tends to conceal the essential economic reality which is indirectly discernible among the developed countries, where imbalances are no less real or crass. Take, for example, the countries in the north and in the Mediterranean south of the European Economic Community.

This will be the first Round of multilateral trade negotiations on which Greece is to participate as a member of the world's largest economic region, the European Economic Community.

I deem it therefore appropriate to mention some of the institutional and economic effects which our accession to the EEC has produced in connection with GATT. By joining the EEC five years ago Greece, whose status had until then been that of a developing and hence aid-receiving country, acceded to industrialized-country, i.e. donor-country status. As a result, more than 95 per cent of quantitative import restrictions have been abolished, customs duties have been reduced drastically so as to comply with the CCT, tariff exemptions have been extended to imports from countries that have preferential relations with the European Community or come under the GSP. Especially in the last few years, there has been a significant increase of our imports, both from within the Community and, directly or indirectly, from third countries, and this in turn has resulted in substantial deficits in the balance of trade and the balance of payments. Greece is endeavouring to control these deficits by implementing a stringent stabilization and development programme.

So despite accession to the Community, my country's economy has not managed overnight to catch up with the other developed partners in the Community. The Greek economy continues to have a large agricultural sector, an industrial sector which is predominantly traditional and mainly

consumer-goods-oriented, and it continues to suffer from structural problems, which are principally due to regional imbalances.

In the midst of a process of liberalization, which will be the outcome of the New Round, Greece will at the same time have to develop and restructure her industry, support her agricultural production and gain a foothold in advanced technology sectors.

The balance which GATT had established through a system of general rules, on the one hand, and a set of exemption clause for the less developed countries, on the other hand, has been upset by subsequent economic changes, in particular by the economic growth and increased exporting power of a number of countries.

This is what causes the problem of international trade imbalances, which must not be allowed to become worse, and we can see therefore that further liberalization of world trade is a complex problem, which must be tackled without neglecting any one of its dimensions. In the light of what I said before, we must proceed with caution to the definition of our objectives and the launching of the New Round, the desirable aim being what I would call a gradual process of liberalization in which abstention from maximalist ambitions should help us to avoid conflict and deadlocked situations.

What is more, we should not forget that there is a number of secondary problems, such as customs tariffs, which continue to be of some importance and which we cannot afford to neglect, while at the same time, they are not amenable to radical solutions. In the same context, we shall have to consider affording albeit minimum protection to certain sectors, such as the textile industry, which are of vital importance for industrial production and employment in a large number of countries. And in a more general sense I feel that we ought to avoid any sudden upheavals, especially if they are prone to worsen unemployment, and such upheavals could be triggered by the adoption of new rules for the liberalization of trade. It is in our common interest that the rules should be more generally acceptable, and that implies that they must be carefully thought out and realistic.

It is for this reason, by the way, that we shall keep insisting on the need for a careful in-depth study of the elements and conditions of negotiation on the new subjects proposed by GATT member countries. This applies especially to the liberalization of services, which constitute a vital sector of economic activity in developing countries as well. I think that before we embark on this endeavour, we should have a clearer picture of the possible effects of liberalizing services so as to properly assess the prospects arising from it. Moreover, it will be indispensable in

connection with this subject, and in connection with any other subjects, to seek consensus among all the contracting parties.

Finally, let me touch upon the need to confirm and guarantee compliance to the greatest possible degree with the principle of reciprocity in connection with any action to be taken during and after the New Round of negotiations and, more particularly, in connection with rollback.

Confirmation of this principle will create a climate of confidence and thus enable us to hope that the New Round of negotiations will produce beneficial effects for all.