

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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LUXEMBOURG: STATEMENT BY MR. ROBERT GOEBBELS,  
SECRETARY OF STATE FOR FOREIGN AFFAIRS, AT THE MEETING OF THE GATT  
CONTRACTING PARTIES AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,  
PUNTA DEL ESTE, URUGUAY

I should like first of all to express my keen appreciation to the Uruguayan Government for the hospitality it has offered for our meeting. I wish you all success for the difficult task you have undertaken in accepting the office of Chairman of the Ministerial session of the CONTRACTING PARTIES to GATT.

My colleagues, Mr. Channon and Mr. de Clercq, have indicated in the name of the European Community how we view the major problems facing world trade, and have defined the objectives that should be pursued in the New Round of multilateral trade negotiations with a view to strengthening and developing the multilateral trading system in the coming years.

For my part, I shall merely mention a certain number of issues to which my Government attaches particular importance.

We are meeting at Punta del Este at a moment which is crucial for the future development of the international trading system.

When the GATT was created nearly forty years ago, the negotiators at that time drew on the teachings of a past comprising wars, exacerbated nationalism and generalized protectionism which had plunged the world economy into chaos. They recognized that the interdependent members of the international trading community were in need of rules and disciplines to facilitate their trade relations and to promote global economic growth through the expansion of international trade.

All countries benefited from the resulting reduction of tariffs and lowering of trade barriers, which allowed unprecedented growth of international trade and thereby development of the world economy.

Over the past decade, however, the growth of trade has been hampered by developments linked to the crisis that the world economy was experiencing. Sudden and massive variations in the cost of energy, disequilibrium between the economic and monetary policies pursued by the major trading partners causing excessively wide fluctuations in exchange rates, inflation, unemployment and high indebtedness, particularly in the developing countries - all these have interacted to revive protectionist pressures.

In parallel, and having regard to the difficult and sometimes painful adjustments which changes in the structure of international trade have made necessary, many countries - industrialized or not - are endeavouring to protect their producers by adopting measures of a protectionist character, or by seeking to secure a share of the market through sectoral or bilateral agreements concluded outside the framework of the multilateral rules. Yet such measures, which may seem understandable in the short term, can generate further protectionist actions by other partners, thus bringing into question the very principle of free trade which lies at the origin of the multilateral system and remains one of the essential conditions for restoring prosperity.

Even though the GATT rules and disciplines have resisted these assaults relatively well until now, it has become urgent to strengthen them and to adapt them to the new realities of the international economic environment. The launching of a New Round of multilateral trade negotiations, aimed at setting the clocks right and redefining the rules of the game, has therefore become a necessity, for otherwise the forces of protectionism would be reinforced, with a host of adverse consequences on structural adjustment, employment and industrial modernization.

In our view, the New Round should pursue three major objectives:

It should strive to strengthen the existing rules and mechanisms and at the same time secure a rollback, agreed to by all parties, of trade measures that are contrary to or incompatible with the General Agreement.

It is necessary to reaffirm, at the highest level, our confidence in the value of a multilateral contractual system that allows effective rules to be defined for operators in a foreseeable environment.

It is necessary, furthermore, to make a credible demonstration of our political will to resist measures and arrangements which are not consistent with the rules, which limit free movement of goods and services and strengthen the partitioning of markets.

But for the system to be able to operate satisfactorily, it must be equitable. The General Agreement is a contract that must ensure a fair balance between the rights and obligations of the various parties.

As we can see, however, some parties which have the semblance of fulfilling the obligations incumbent on them under the GATT do not in fact guarantee a sufficient opening of their markets to international competition, while others do not fully take on, in the framework of the Agreement, a rôle corresponding to their economic significance and their degree of development.

In this regard, the New Round of negotiations will have to define the necessary rules so that in return for the rights accruing to it, each contracting party has to take on obligations consistent with its economic possibilities, so as to achieve more active integration in the multilateral trading system.

Lastly, the GATT needs to be adapted to the new realities of the international economic and trade environment.

Prospects for international trade have undergone far-reaching changes in the past decade, and developments in our economies are highlighting the major rôle of sectors such as services which will have a growing and sometimes decisive influence on our development. GATT, being the organization that regulates international trade, must necessarily take account of these realities and elaborate an institutional framework allowing progressive liberalization of trade in services.

Indeed, the services sector is a dynamic source of job creation and is essential for the structural adjustment process. A multilateral agreement aimed at achieving progressive liberalization of trade in services would be a potential source of new growth for the world economy that would be beneficial to everyone, including those who would derive no direct and immediate advantage from an increase in exports of services. In this regard GATT, which has a long free-trade tradition, offers the most appropriate framework for seeking a constraining and efficacious agreement aimed at liberalizing and expanding trade in services.

In addition, it is likewise necessary that GATT give its attention to other sectors such as trade-related investment or industrial property for which the existing rules are incomplete and inadequate, and are operated in many cases as a real hindrance to international trade.

We are faced with a task of fundamental importance: the decisions we take at this meeting will have a decisive influence on the development of international trade over the coming decade.

We must show that we can measure up to the challenge and that, each and everyone, we have the necessary political courage to buttress by concrete and credible decisions our common commitment in favour of a free and open multilateral trading system.

Together with our European Community partners, my delegation is ready to embark wholeheartedly on a balanced negotiating Round beneficial for all parties with a view to securing for the coming years the necessary trade expansion, in an environment of security and freedom, which is the surety of our common prosperity.