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STATEMENT BY ARTHUR DUNKEL TO THE DEVELOPMENT COMMITTEE,
WASHINGTON, 29 SEPTEMBER 1986

Mr. Arthur Dunkel, Director-General of GATT, made the following statement, on 29 September, to the meeting of the Development Committee convened during the annual meetings of the International Monetary Fund and World Bank in Washington. The text follows.

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Meeting in Punta del Este on September 15-19, 1986, on the occasion of the Special Session of the GATT CONTRACTING PARTIES, Ministers of 92 governments adopted a Declaration launching a new round of trade negotiations - the Uruguay Round. They established a Trade Negotiations Committee to carry out these negotiations. The Declaration provides a comprehensive mandate for the negotiations. I shall limit my comments to a few salient points.

The Declaration falls into two parts. Part One establishes the objectives and principles for the negotiations on trade in goods. It provides for a standstill and rollback on trade restrictive or trade distortive measures so that the negotiations can proceed against the background of a policy commitment that governments will not increase existing levels of protection and will phase out their existing breaches of GATT disciplines. The Declaration also sets out the large range of issues in the area of trade in goods on which negotiations would take place. A group on negotiations in goods has been set up to supervise the conduct of the negotiations and will report to the Trade Negotiations Committee. In Part Two of the Declaration, Ministers have taken a decision to launch a negotiation on trade in services and set up a group on negotiations on services, which shall likewise report to the Trade Negotiations Committee. This decision has been taken by Ministers as representatives of governments meeting on the occasion of the Special Session of the CONTRACTING PARTIES because it was considered that the negotiations on services shall not be placed within the legal framework of GATT. Ministers have nevertheless agreed that the negotiations on both goods and services shall be treated as one policy undertaking and GATT practices and procedures will also apply to the negotiations on services.

In my remarks to the April meeting of this Committee, I had commented on the interaction between trade policies and efforts to improve the macro-economic and structural environment bearing on the debt and development situation of developing countries. I had also noted that in the context of the difficult situation confronting the international economy, a decision to start a multilateral trade negotiation for which the ground was then being prepared in Geneva, would constitute an important signal.

In deciding to launch a new round of trade negotiations, Ministers meeting in Punta del Este have given this signal. They have affirmed their determination to create a more equitable and dynamic framework for world trade and they have committed themselves to ensure that their future trade relations will develop within the disciplines of an effectively functioning multilateral system. This, I believe, should be a source of reassurance and confidence to businessmen and investors around the world who are looking for increased stability in the economic and trading climate for decisions affecting investment and job creation.

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Mr. Chairman, the strength of this signal and its immediate impact on the economic environment would, of course, depend a great deal on the effectiveness with which the commitments on standstill and rollback are implemented by governments. The surveillance mechanism set up by the Trade Negotiations Committee will play an important rôle in this matter.

I have spoken of the signal that has come out from the Uruguay meeting. It should come as no surprise to members of this Committee that the Declaration should stress the two-way relationship between trade, money, finance and development. The Declaration notes the importance of an improved trading environment for an alleviation of the debt problems of the developing countries, but it also recognizes the importance of concurrent action to improve the functioning of the monetary and financial system and the flow of resources to developing countries. To this end it seeks arrangements aimed at further strengthening GATT's relationships with the institutions that have responsibilities in these matters.

The programme of negotiations will extend over four years. In assessing the principal elements of this programme, I would wish to identify four points.

First, the Declaration addresses itself to some deep-rooted problems which underlie the erosion of the trading system. The most important of these has been the rapidly growing trend towards the use of restrictive measures on a unilateral or bilateral basis in disregard of GATT disciplines. The Declaration emphasizes the need for a new understanding on safeguards aimed at clarifying and reinforcing the application of GATT multilateral principles to the use of restrictive measures for purposes of temporary protection. The Declaration also seeks to bring into the framework of GATT such long-neglected sectors of trade as agriculture and textiles. For the first time in the history of GATT, negotiations will be undertaken to bring all import and export measures affecting trade in agriculture under effective GATT rules and disciplines and to seek solutions for the problem of subsidization in agriculture, which has such dire consequences for the export prospects of efficient agriculture producers everywhere, including in particular the developing countries.

Secondly, the Declaration seeks to expand the area of trade liberalization in many sectors of traditional concern to developing countries such as tropical products, resource-based products, tariff and non-tariff barriers affecting manufactured goods where the better operation of the principle of comparative advantage should bring important new benefits both for the international economy and for efficient producers in developing countries.

Thirdly, the Declaration addresses itself to the task of making the GATT more responsive to developments in the trading environment, so that it can be a more dynamic and adequate instrument for regulating trade flows over the end of the century. Thus it provides for a review of existing GATT Articles. It also provides for negotiations on such new issues as the relationship between trade flows and the protection of intellectual

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property rights and on what may be done in terms of GATT provisions to deal with the trade restrictive or trade distortive effects of investment measures.

Finally, the decision to launch a negotiation on trade in services represents an effort to establish a framework of multilateral co-operation in an area which is of growing importance to the economies of a very large number of countries, where problems are only now beginning to be identified, but where there is already risk of a proliferation of bilateral linkages, if consistent with the need to respect domestic policy objectives, a framework of multilateral rules and principles cannot be established.

Mr. Chairman, I have said enough to indicate that the Declaration adopted at Punta del Este launches the most complex and ambitious programme of negotiations ever attempted in GATT. The developing countries have played an extremely active rôle in the process leading to the preparation and the launching of these negotiations. The objectives, contents and structure of the Declaration adopted at Punta del Este all bear the stamp of their contribution.

Let me make one last point. What happened in Punta del Este is only a beginning. A long exercise in political will and determination by governments lies ahead. I am confident that the Ministers assembled here will give all their support to a process which can be regarded as one of the key elements in the continuing efforts by governments to put the world economy on the path of sustained and stable growth.

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