

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SWITZERLAND

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Switzerland is participating in this Forty-Second Session of the CONTRACTING PARTIES with feelings of both confidence and concern.

Its satisfaction stems first of all from the fact that notwithstanding tensions of all kinds, the volume of world trade has expanded in 1986 to an extent that seems likely to be confirmed or even exceeded in 1987.

It also stems from the fact that the requisite conditions for sustained economic activity, for continuing mastery of inflation and for gradual adjustment of the various imbalances in our economies have been maintained over the year and have even improved in certain respects. For example, exchange rates of the major currencies have moved so as to facilitate adjustment of current balances, interest rates have continued to fall on the major financial markets and, lastly, it would seem that the motive force for growth in most of the industrialized economies, again in 1987 as in 1986, should come from aggregate internal demand, and this will contribute to better equilibrium at international level.

That being so, we cannot but feel concern over two developments in regard to trade relations: on the one hand, the persistence of requests for protection which are all too often of doubtful motivation, leading to measures outside the GATT framework that are selective, non-transparent and discretionary; on the other hand, the mediocre export performance of most of the developing countries, with the exception of a few of the most advanced among them.

Furthermore, at the most general level of economic activity, one must not underestimate the constraints and risks inherent in interest rates that are still high in real terms, the substantial imbalance on current account of some major economic powers, the burden of indebtedness and debt servicing for many developing countries, and uncertainty over exchange movements and prices of energy products.

Against this backcloth our Ministers adopted by consensus, at Punta del Este on 20 September, a Declaration launching a new round of multilateral trade negotiations. That decision is of the greatest importance given the consequences that would have ensued from failure. It

represents the conclusion of a preparatory phase that was often far from smooth. Its essential significance, however, lies in the fact that it opens the way for new negotiations. In so doing, it could not and should not foreshadow decisions of substance. The objectives set must therefore not be understood as outline solutions, but as a common acceptance of recognized tasks. Moreover, by reason of their objectives, subjects and methods, these negotiations will not be comparable to any of those which preceded them. They are different in that, for the first time since the General Agreement was drawn up, their explicit aim is as much the definition or adjustment of rules that can be durable as the solution of problems of a more immediate character. The participants in these negotiations will have to be guided by awareness of their collective interest in strengthening the multilateral trading system as well as by their individual trade interests.

The Declaration of Punta del Este sets the negotiations on the path toward necessary objectives, without disregarding the requirements of reality. In this context, my delegation intends to see to it, in the course of these negotiations, that the necessary balance is maintained between strengthening of the multilateral trading system and adjustment of the GATT rules, access to markets through exchanges of general, sectoral or more limited concessions, and lastly strengthening of the capacity of the GATT system within the framework of a convergent co-operation effort at national and international level.

Similarly, my delegation considers it essential that any agreements, instruments or arrangements resulting from these negotiations should not encroach more than is already the case on the unity and consistency of the GATT system, but on the contrary should serve to restore them.

The Uruguay Round will inevitably have to be an evolutive process, thereby automatically increasing the effectiveness of our action. Ultimately, once the results have been established in all areas, our Ministers will have to assess the overall balance and decide on implementation. It nevertheless remains that the structures established at the outset of a negotiation are important. My delegation would wish them to be simple, clear and manageable for all delegations, in particular those whose resources are limited. The negotiating plans now being formulated will likewise have to meet these requirements.

Continuing erosion of the GATT-based multilateral trading system and the "ageing" of a system that next year will move into its fortieth year of existence led the Ministers, meeting at Punta del Este, to the political act of launching multilateral trade negotiations with the backing of a clear and comprehensive programme of negotiations. In addition, because of the importance of what is at stake and the fact that these MTNs are being launched in economic and trade conditions that are far from satisfactory in many respects, the Ministers have subscribed to standstill and rollback commitments which are to apply until the formal completion of the negotiations. The Swiss delegation welcomes that action, appreciates its

significance and recognizes its organic linkage with the negotiations as such.

As regards practical arrangements for surveillance of the standstill, Switzerland hopes for its part that whatever institutional arrangements are decided on will adequately reflect the political character of that commitment and its direct linkage with the negotiations. We would consider, in particular, that any arrangement that would tend to make this surveillance a commonplace bureaucratic exercise at the level of negotiation mechanisms or that would limit it to being an activity of a purely legal character for which we already have the normal GATT machinery for essential matters, would be counterproductive for observance of the commitment taken on and for the progress of the negotiations as such.

My delegation attaches no less importance to the decision on rollback. But whereas the standstill is designed to freeze and preserve a given state of things immediately, rollback implies action to which the contracting parties concerned should contribute as quickly as possible.

Lastly, at this moment when we are about to embark on multilateral trade negotiations, we wish to underline the importance that we shall continue to attach to the day-to-day functioning of GATT and to observance of GATT obligations. Some of its activities will, of course, be supplanted by the negotiations themselves. Others will be shelved, at least for the moment. But some of them will have to underpin the negotiations indirectly and will accordingly require still closer attention. I have in mind in particular normal activities relating to dispute settlement, as well as various issues included in the work programme of 1982 which have not been explicitly carried over into the Declaration of Punta del Este and will either have to be dealt with in normal GATT channels or, where appropriate, included in the MTNs at a later stage.

Trade flows in goods and services cannot ultimately be expressed in the form of an accounting of trade balances and current balances, and the multilateral trading system cannot be assimilated to subject-matter of public international law. They have an essential influence on investment decisions which in turn are the basis for any durable growth. Both trade and the system that regulates its expansion have an essential rôle to play in achieving growth and ensuring its rational and balanced distribution, and ultimately in the development and extension of well-being. It is with this in mind that my delegation is approaching the multilateral trade negotiations.

In conclusion, Mr. Chairman, allow me to express my delegation's appreciation of the remarkable manner in which you have carried out your task so competently and patiently throughout this year. I should also like to thank the secretariat for its efforts.