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UNITED STATES

Statement by H.E. Mr. Michael Smith
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We must at this meeting of the CONTRACTING PARTIES, some two months after the success in Punta del Este, reinforce the decision taken by our Ministers to launch the Uruguay Round of multilateral trade negotiations. Having taken this historic step there, we cannot now let history pass us by here. Such reaffirmation means that we must now focus our attention on the job ahead of us.

We achieved in Punta del Este what many thought impossible: a firm decision by consensus to move forward with new trade negotiations, with a bold, comprehensive agenda designed to address the inadequacies of the international trading system and to ensure its relevance and credibility in the trading environment of the future.

We could not have succeeded without lengthy and careful preparations. Nor could we have succeeded without the force of the political will expressed by our Ministers to move forward with constructive and concrete action to re-invigorate the trading system. We owe a debt of gratitude to Foreign Minister Iglesias of Uruguay for his leadership as Chairman of the Ministerial meeting and a special note of thanks to Ambassador Girard of Switzerland and Ambassador Jaramillo of Colombia. Also, Mr. Chairman, to you, the Director-General, and the GATT secretariat, a vote of thanks for a good year and a job very well done.

The future course of the negotiations is our major challenge at this moment. We must lay the necessary groundwork this year, as called for in the Declaration, so that we can start negotiations early next year. It is essential that we move ahead now to establish the mechanisms and procedures. By tying ourselves in knots over organizational issues, we run the serious risk of losing the political momentum from Punta del Este. This the United States will not accept. We must not allow ourselves to recreate the atmosphere of last year, where wrangling over procedural matters threatened to thwart all progress toward meaningful negotiation. Again, the United States will not accept such an outcome.

Let me make it clear that the United States does not believe in and will not accept any implication that the Goods Negotiating Group should dominate the Uruguay Round or take precedence over the Services Negotiating Group. The controlling group of this round is the Trade Negotiating

Committee. The GNG and the GNS are subordinate to the TNC and proceed in parallel with each other. Any attempt to speed up work in the GNG at the expense of work in the GNS will result in reduced participation in and commitment to the GNG by the United States.

Likewise, let me reiterate that the United States cannot and will not accept a standstill and rollback surveillance mechanism under the control of the GNG. The only mechanism we will accept is a standstill/rollback arrangement overseen by, supervised by, and reporting to the TNC. This is because the standstill/rollback commitment is a political undertaking, agreed to by the Ministers comprising the TNC, independent of the liberalization negotiations of the Uruguay Round.

As a way to increase the visibility of the negotiations and raise the level of political involvement, we would suggest that everyone consider the possibility of selecting chairmen from capitals for some of the negotiating groups. And we would be willing to entertain even the notion of non-governmental chairmen, persons whose eminence and authority in particular subject matters would only add lustre to the negotiating process.

During the actual negotiations, we must proceed with decisive and steady speed. We must encourage broad-based and active participation in the negotiations. In particular, we must all recall that it was only through such involvement of both large and small contracting parties in the preparatory process for the Ministerial meeting that we were able to reach a consensus agreement. We cannot forget that these negotiations are in our interest, both collectively and individually.

My Government has the resolve necessary to enter into the negotiations. The political commitment to the negotiations at the highest level of my Government is clear. However, I can tell you that the political commitment in the United States will last only so long as the negotiations promise to produce real results of tangible benefit. One way to maintain the momentum from the Ministerial meeting is to attempt, where possible, to reach agreement providing for early resolution of critical issues.

It will come as no surprise for you to hear that we face enormous domestic pressure on the trade front. In my country, the Administration must deal every day with substantial scepticism in the business community and the Congress over the utility of GATT negotiations. This is, in part, a reflection of the picture at home. While recent indicators are encouraging, we are still facing a trade deficit for 1986 of approximately \$170 billion. Reflected in this deficit is a substantial decline in both our manufactures and our agricultural trade positions. In the current environment in the United States, the absence of - or prolonged delay in - decisive progress to strengthen the trading system, and to expand and

liberalize market access, will lead to a diminished level of political attention and commitment to the negotiations, just further adding to the scepticism to which I just referred.

This is not "the" or "a" Geneva round. It is the Uruguay Round. It is a round whose locus only is Geneva. But the impetus must come from capitals. And because this round breaks new ground, significant, indeed, dominant input - both technical and political - must come from capitals. If these negotiations lapse into the routine, fall into the humdrum, become prisoners of bureaucratic guardianship, then I can assure you that the round will fade into insignificance. It is up to us to assure that this does not happen.