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Statement by H.E. Mr. A.H.S. Ataul Karim
Ambassador, Permanent Representative

Allow me to express my delegation's deep sense of appreciation, Mr. Chairman for the outstanding leadership which you have demonstrated during the last twelve months as the Chairman of the CONTRACTING PARTIES. It contributed immensely to the successes achieved in GATT in 1986 - a most eventful year in its existence.

My delegation shares the serious concern expressed by other contracting parties at the continuing erosion of the open multilateral trading system, the disregard of rules and the spirit of GATT and the unabated upsurge of protectionism. In this process, the sectors of export interest to developing countries have been particularly affected. This, coupled with other factors, has resulted in a drastic fall in export earnings, depressed levels of production and worsening terms of trade of the developing countries. Growth in these countries registered a modest recovery in 1984 following two years of serious contraction of their per capita output, but it again started a sharp decline in 1985, and the trend continues. The world economic downturn has also triggered an unprecedented debt crisis in a large number of developing countries. As export markets weakened and real interest rates escalated, a precipitous decline of bank lending took place affecting the indebted countries. This, along with shrinkage of official development assistance and other types of concessional flows, applied a liquidity squeeze to a large part of the developing world, thus seriously impairing those countries' capacity to recover from the recession and revitalize growth and development. The least-developed countries, which are the poorest and economically weakest in the international community, have also been severely affected by contraction of resource flows and escalation of protectionism. It has resulted in further worsening of their economic condition, which has assumed alarming proportions.

It is against the background of such a situation that the CONTRACTING PARTIES had decided at their Forty-First Session in 1985 to start a preparatory process for the launching of a new round of multilateral trade negotiations. As a result, the Special Session of the CONTRACTING PARTIES meeting at Ministerial level at Punta del Este in September 1986 succeeded in launching the Uruguay Round of negotiations. It is reassuring that contracting parties have been able to reaffirm their determination to halt and reverse protectionism and to remove distortions to trade, to preserve the basic principles and further the objectives of GATT and to develop a more open, viable and durable multilateral trading system. The launching of the Uruguay Round has raised hopes of restoring and reinforcing confidence in the capacity of the GATT system to provide a stable and

predictable trading environment and to respond to new challenges. As we now proceed to implement the provisions of the Uruguay Declaration and start actual negotiations, we will have to demonstrate our ability to adhere strictly to the agreed principles and realize the objectives of the Declaration.

As a contribution to the debate at the Ministerial meeting of Punta del Este, my delegation had submitted a concrete action programme which it considered vital for a successful launching of the new round of multilateral trade negotiations. It included a credible commitment to standstill and rollback of protectionist measures and establishment of enforceable surveillance machinery, securing substantial benefits for trade of the developing countries, reduction or elimination of all types of tariff and non-tariff measures, adoption of an effective multilateral safeguard system, prompt resolution of trade disputes, meaningful and substantial liberalization of trade in sectors like agriculture, textiles and clothing and tropical products, strengthening of the principle of preferential and more favourable treatment for the developing countries as enshrined in Part IV and the Enabling Clause, and further elaboration and expeditious implementation of the measures agreed to in the 1982 Ministerial Declaration to facilitate the trade of the least-developed countries. The Uruguay Ministerial Declaration embodies all these elements. Besides, it includes a reference to the problems of a large number of indebted developing countries, negative effects of prolonged financial and monetary instability in the world economy and linkage between trade, money and finance, and development. In launching the Uruguay Round the Ministers have also underlined the need for liberalization of trade in natural resource-based products and for improvement of discipline in the application of subsidies and countervailing measures. Negotiations shall also be conducted to improve the MTN Agreements and Arrangements and the functioning of the GATT system. We hope that contracting parties would now be able to complete all the procedural formalities as envisaged in the Declaration and start actual negotiations in line with the general principles which have been agreed to. The success of the negotiations will depend largely on the fulfilment of the commitments undertaken by contracting parties to avoid, in particular, disruptive effects to the trade of the developing countries, and adhere to the principle of non-reciprocity of concessions from developing countries and special attention to the particular situation and problems of the least-developed countries. As a large number of delegations have already dealt at length with many aspects of the activities of GATT, particularly those related to the contents of the Uruguay Declaration, I shall try to confine my observations to a limited number of areas of particular importance to my country.

Following the 1982 Ministerial Declaration, serious efforts were made in GATT to reach a comprehensive understanding on the question of safeguards. It has been amply demonstrated that the safeguard provision included in Article XIX, which gives contracting parties the right to impose temporary restrictions on imports to ward off serious injury to

domestic producers, has in many cases been applied arbitrarily and has lacked the required transparency and objectivity. In the application of safeguard action, the question of grey-area measures has often created additional complications. It is unfortunate that in spite of long debate in GATT to reach a full understanding on safeguards, no tangible progress has yet been achieved. The Uruguay Declaration has again underscored the need for a comprehensive agreement based on the elements identified in the 1982 Ministerial Declaration. It is my delegation's sincere hope that it would be possible to find a solution to the problem well before the end of the negotiations and to put it into effect as a positive contribution to the strengthening of the GATT system.

The Committee on Trade and Development was charged with a number of specific tasks in the Ministerial Declaration of 1982, particularly in areas relating to the implementation of Part IV and the Enabling Clause. Several rounds of consultations in this respect were conducted by the Committee during the last four years. In this exercise, the Committee examined the trade policies of Canada, Switzerland, Australia and New Zealand in 1985 with a view to assessing their conformity with the obligations undertaken in Part IV and the Enabling Clause. The Committee had also entrusted the Sub-Committee on the Trade of the Least-Developed Countries to work towards full implementation of the provisions of the 1982 Ministerial Declaration relating to the least-developed countries. Consultations in this regard were conducted between individual least-developed countries and their trading partners. During the last few years such consultations were conducted involving Bangladesh, Tanzania and Sudan on the one hand, and their trading partners on the other. Although these consultations succeeded in examining the effects of the current economic situation on the trade of the least-developed countries and in identifying the specific obstacles facing these countries, the results had been rather meagre towards ensuring complete duty- and quota-free access of their products in the international market. The Uruguay Declaration has rightly emphasized the problems of the developing countries in general and the special problems of the least-developed countries in particular. It has also underscored the need for expeditious implementation of the relevant provisions of the 1982 Ministerial Declaration concerning the least-developed countries. We hope that this will be dealt with as a priority item in the negotiations, covering all aspects of tariff and non-tariff measures and sectors like textiles and clothing, tropical products, agriculture and natural resource-based products, among others. We shall expect the GATT secretariat to continue to provide the necessary technical assistance to the least-developed countries for the consultations.

The critical importance of trade in textiles and clothing for the developing countries is well-known. It has been emphasized in all the relevant fora that any effort for trade liberalization can be effective and meaningful only if trade in textiles and clothing can be substantially liberalized. Following the mandate given in the 1982 Ministerial Declaration, several rounds of discussions were held in GATT to examine

modalities for further liberalization in textiles and clothing, including the possibility for bringing about the full application of GATT provisions in this sector. The Working Party which was set up for this purpose examined three possible approaches ranging from unconditional and full application of GATT provisions to liberalization under the existing frameworks. In this process, several alternatives to the treatment of the existing MFA provisions were explored. As the Protocol of 1982 for MFA III was to expire on 31 July 1986, negotiations started from as early as July 1985 to decide on the future of the Arrangement governing trade in textiles and clothing. Although the Working Party set up in pursuance of the 1982 Ministerial Declaration was able to agree on a general recognition that GATT provisions should ultimately apply to international trade in textiles and clothing through progressive liberalization, the MFA negotiations revealed that many of the major trading countries were not prepared to introduce any basic changes in the existing restrictive system. In fact, the MFA had been increasingly applied in a more restrictive manner and even the poorest and the least-developed countries had not been spared from such restrictions. Because of the negative attitude of some of the major importing countries, the objective of the 1982 Ministerial Declaration could not be achieved. On the contrary, in the MFA which was extended until 1991, the coverage of products has been enlarged to the detriment of the export interest of many developing countries including the least-developed and small suppliers among them. Admittedly, MFA IV has included a specific provision for special treatment in favour of the least-developed countries, but in practice these countries are still being asked to restrain their exports of textiles and clothing items. In the Uruguay Declaration, the Ministers have again stressed the need for formulating modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines. We hope that this objective will be fully and expeditiously realized.

Apart from the sectors to which I have referred, the Ministerial Declaration adopted in Uruguay also stressed the importance of the issues relating to agriculture, tropical products, MTN Agreements and Arrangements, subsidies and countervailing measures, dispute settlement, and improvement of the surveillance and monitoring mechanism and other aspects of the functioning of the GATT system. These issues are also of crucial importance to restoring and maintaining the GATT multilateral trading system. The CONTRACTING PARTIES have already started to put into effect the detailed mechanism for conducting negotiations in these areas to achieve the objective of overall trade liberalization and strengthening of the rôle of GATT.

In conclusion, my delegation would like to make an appeal to the world trading community, and the developed market-economy countries in particular, that they must demonstrate the same political will and spirit of accommodation and understanding in the implementation of the provisions of the 1986 Ministerial Declaration which they had shown at the time of launching the negotiations at Punta del Este. It has become more relevant than ever before, as this round of negotiations would decide the future of

world trading relationships and would determine whether we shall succeed in sustaining the open multilateral trading system which has served the international trading community so well during the past few decades. We should draw a lesson in this regard from the less-than-satisfactory record of the implementation of past commitments.