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In looking at the performance of the world economy over the past year we have to recognize that the expected improvement in the general economic climate and in trade performance has yet to materialize. Unemployment continues to fuel protectionist pressures and risks slowing down structural adjustment. Despite a drop in interest rates, lower oil prices and reduced levels of inflation, output in the industrialized countries during 1986 has not generally picked up and economic growth in some countries has been sluggish. These factors, as well as existing tensions in the financial realm and macroeconomic imbalances, have had negative consequences for trade régimes. The concern at the lack of respect for GATT rules has continued, as is evident in the intensification of such phenomena as discrimination, bilateralism, managed trade and the neglect of multilateral commitments.

Considerable uncertainties also exist concerning the international economic environment that is likely to prevail in 1987. Among the more significant uncertainties are those concerning the trade and payment imbalances, the pattern of international exchange rates, the likely evolution of interest rates, the path of commodity prices, the willingness to increase lending to indebted countries, the pace of structural reforms in the industrial countries and last but not least, the ability of governments to resist protectionist pressures.

The dominating event in the trade policy field over the past period has been, without any doubts, the adoption at the Ministerial meeting of the Declaration launching the Uruguay Round of negotiations.

This meeting provided the occasion to mobilize the political commitment necessary to bring trade policies into conformity with accepted principles. It also offered an opportunity for taking an important step towards restoring the credibility of the international trading system and resuming the movement towards liberalization of trade. We hope that the trade negotiations will address in an efficient way the evident contradiction between generally accepted basic principles and prevailing policy trends, will serve the common interests of all countries, regardless of levels of development, and will create a climate of mutual confidence among all trading partners. For obvious reasons the major trading nations have a particular responsibility in this endeavour.

Our priority consideration now should be the organization of the negotiations. This organization should give a clear indication as to the true purposes of the negotiations and strike a proper balance between their major subjects. As standstill and rollback are essential elements in the confidence-building process at the commencement and in the early stages of negotiations, one of the priorities should be to establish the mechanism for carrying out the surveillance of the commitments in this area. Also, the problem of safeguards deserves our priority consideration, and negotiations on a comprehensive agreement in this area based on principles of GATT, particularly of non-discrimination, should start without delay. As far as the negotiating structure is concerned, we hold the view that appropriate conditions should be created for carrying out effective negotiations on the different subjects related to market access and that individual negotiating groups should consequently be established to deal with each of these subjects separately.

The reports of the Council of Representatives, and of the Committees and Councils charged with implementation of the MTN Agreements and Arrangements, testify both to the important rôle that GATT has played in the operation of the international trading system and to the increasing strains on that system resulting from the aggravation of protectionist pressures.

Although the subject of quantitative restrictions has always been in the work programme of the GATT, most recently as a result of the Ministerial decision of 1982, the results reached in this area have been rather modest. Practically no start has been made on the process of eliminating restrictions, and the only beneficial results achieved concern mainly the preparation and updating of documentation which may serve as a useful tool for future negotiations. In connection with the start of the MTNs, a number of options have been suggested with regard to the future work in this area and the rôle of the Group on Quantitative Restrictions and Other Non-Tariff Measures. As these restrictions have become one of the key problems of international trade they should, in our view, be dealt with directly by the appropriate negotiating bodies within the framework of the MTNs and consequently the Group should be suspended for the duration of the negotiations.

Although in general the MTN Codes have worked satisfactorily, complementing the General Agreement, there is a need to improve and make more effective some of the disciplines of the Codes and to improve their adequacy and effectiveness. My country has repeatedly expressed its concern about the conformity of practices of certain signatories with the objectives and the principles of the Codes, in particular, of the Antidumping Code. The question of conformity of national legislations with the Codes has also been raised. We believe that these questions require serious consideration not only in the framework of the MTNs but also in the regular work now going on in the relevant Committees.

Several countries have recently indicated their intention to become contracting parties to GATT. This development and the possible integration of further countries in the ambit of the international trade system is a positive phenomenon which can strengthen the system if these countries abide by GATT's rules and principles and adopt policies aimed at increasing trade. This suggests that the accession of new countries to GATT should be encouraged and that the individual requests for accession be given fair treatment, keeping in mind the shared purpose of the reinforcement of the international trading system. The conditions of accession of individual countries should be based, in our view, on the merits of each individual case.

The regular activities of GATT, particularly in the area of dispute settlement and the functioning of the GATT system, retain their importance even during the new round of negotiations, and consequently they should proceed alongside the new round. It is, however, evident that the future development of the trading system will be influenced predominantly by the MTNs and by the implementation of standstill and rollback commitments.

My country therefore approaches both the regular GATT activities and the new round with a sense of urgency and importance to fight protectionism, achieve further trade liberalization and enhance the rule of law in international trade.