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NIGERIA

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The year 1986 marks a significant milestone in the history of the General Agreement and the International Economic Environment for a number of reasons. My delegation is particularly pleased by some positive developments as evident in the momentous launching of the Uruguay Round for greater trade liberalization as a new impetus to global prosperity. At the Forty-First Session of CONTRACTING PARTIES last year, two important decisions were reached. One of these was the establishment of a Preparatory Committee to determine, among other things, the objectives, modalities and subject matter of the new round of trade talks; the other was to continue the exchange of information on a subject of crucial importance to a score of contracting parties on the possible inclusion of a subject for negotiations in the context of the new round of multilateral trade negotiations. It is gratifying to note at this point that all these decisions have been accomplished, with the launching of the Uruguay Round in Punta del Este on 20 September 1986, the most complex and ambitious negotiations ever launched. I believe the foregoing analysis has provided us with an insight as to where we are coming from. The next logical question to ask, then, is where do we go from here?

On the occasion of the most recent Session, my delegation along with several others firmly believing that the preservation of the system is a prerequisite for its strengthening, underscored the importance of restoring the eroding credibility in world trade before coming up with any attempt to further liberalize trade. Any dispassionate review of the developments in the global trading system will leave one with the impression that unless something serious is immediately done to re-order the international economic order, future trade prospects will be bleak and dismal. Apart from the sharp drop in petroleum prices, the international trading system has in recent years witnessed an inhibiting fall in commodity prices, high interest rates, unstable exchange rates, inflation, unprecedented debt-servicing obligations, and unemployment, among others, all as a result of protectionism. Furthermore, new disquieting phenomena have surfaced in the international economic environment, especially trade-distorting measures such as organized action by the industrialized consuming nations for purposes of buying cheaply and selling dearly, arbitrary increases in freight rates, surcharges, and volatile market fluctuations, all of which

have had negative effects on the products of developing countries. The resultant effects of all these on the General Agreement are too grievous to ignore. That is why we are convinced that if we work in full mutual trust and sincerity, we shall prescribe the requisite medicine for these unnecessary irritants to revitalize the international trading system.

In preserving the integrity of the multilateral trading system based on the General Agreement, efforts must be made henceforth to restore normalcy and symmetry in trading relations between developed and developing countries. To this end, the Punta del Este Ministerial Declaration should be the starting point. Similarly, this delegation would like to reiterate the fundamental significance of views expressed by developing contracting parties in document L/5818 since the experience so far has not been a very happy one.

Suffice it to say that it is in recognition of the importance of going back to the rules of the game, that Section C of the Ministerial Declaration has important provisions in respect of standstill and rollback, that are supposed to commence immediately and continue until the formal completion of the negotiations. Thus far, my delegation cannot but buy the idea of setting up a Standing Surveillance Body (SSB) by the Group of Negotiations on Goods (GNG) in order to give effect to the relevant aspect of the Declaration. We subscribe to the fact that such a body should be small on the grounds of being technical, and must be free of cumbersome procedures. Its work must be transparent and subject to periodic reviews. Its rôle will be that of reporting to the GNG which will evaluate the report for onward transmission to the TNC, the ultimate decision-making body. With goodwill and a demonstration of political will, areas of convergence in this regard will not be out of our reach. And if the new round lacks this will to implement decisions and agreements, it will be reduced to a non-event.

Let me now address some areas of interest to this delegation. In the continuing global economic crisis, the widening gap between developed and developing countries, and the persistence of the unjust and inequitable international economic system, constitute major impediments to the development process of most of the developing contracting parties. These imbalances have continued to prolong the severe set-backs to our respective economic goals and objectives.

We have to once again consider seriously the problem of structural imbalances and inequalities with a view to formulating concrete and effective solutions to the questions of the huge external debt of developing countries, the problem of debt servicing, high interest rates, inflation, declining commodity prices, stiff conditionalities of the world financial institutions, and unfair trade terms continually imposed by the major industrialized nations. GATT to us is the place, and now is the time, to deal with these problems.

These problems are nowhere more pronounced than in Africa, where external factors have combined to accentuate the ravages of natural disasters and the failure of development planning. It is for this reason that Nigeria would like the contracting parties, in the negotiations ahead, to address agriculture seriously and with all the attention it deserves. After all, it is in recognition of the importance the Ministers attached to this sector, that the Declaration that came out of Punta del Este is more detailed on agriculture than on any other single issue. We therefore request that a time-frame be set for the implementation of negotiations on agriculture. It is regrettable that between 1980 and 1986, prices of agricultural commodities have fallen by about 40 per cent without sympathy or consideration for the repercussions on the current balance-of-payments position of the developing countries. In our judgement, agriculture, more than any other single issue, will make or break this round.

Nigeria has, as the main fulcrum in its current strategy for national economic recovery, adopted a program of boosting its non-oil exports. The groups on agriculture and tropical products in the context of the new round must, therefore, be in a position to reach equitable pricing on tropical products and their derivatives. Further, we wish to solicit the co-operation and understanding of the developed contracting parties in trying to eliminate totally tariffs and other non-tariff barriers to trade on these products whether processed, semi-processed, or in their raw form.

Happily enough, in our efforts to adhere religiously to the ground rules of the General Agreement, and to boost further Nigeria's external trade in particular and total global trade liberalization at large, my country has deemed it fit to come out with the following structural adjustment program: (1) domestic reduction of tariffs towards zero levels; (2) abolition of imports and exports licencing; (3) a second-tier foreign exchange market that will allow market forces to naturally give our national currency its realistic value; (4) the abolition of the 30 per cent emergency surcharge on imports; and (5) reduction of the prohibited goods list from 76 to 16.

Closely related to this is heavy agricultural subsidization, which also has an inhibiting effect on the developing countries whose total export earnings are drawn from agriculture. We realize also that the single most glaring factor in this practice is the extensive farm support which farmers enjoy in the developed economies and which has inevitably led to surplus production. In this type of atmosphere, naturally, tropical agricultural products are unable to compete with cheaply produced surpluses. That is not all. Inordinate recourse to subsidies disorganizes the international trade structure and reduces prices and foreign exchange earnings, the effects of which will be lack of incentive for increased production and the accentuation of external dependence on food imports in many developing countries. In our judgement, it will be in the interest of all contracting parties that where and when there are surpluses, they

should be stockpiled, given the storage facilities available, and where they are to be sold in the world market, releases should be gradual and regulated with an eye on price levels in order to stabilize them at prevailing world prices.

In this connection, this delegation subscribes to the conduct of the negotiations on the basis of m.f.n., GSP, Part IV of the General Agreement, as well as section B of the 1986 Ministerial Declaration. In the light of this, my delegation would like to register a request through you, Mr. Chairman, to the delegation of the United States. Not until Nigeria started competing with Canada and other exporters of petroleum to the United States, was Nigeria among the developing countries under the United States GSP scheme. We therefore request that Nigeria and other developing countries disqualified on the same grounds be considered eligible for the scheme in view of the telling effects of the declining price of petroleum on the economies of these countries.

The new round will equally be endangered if contracting parties fail to improve various clauses on dispute settlement procedures by removing the ambiguities which some contracting parties have exploited to the detriment of the credibility of the General Agreement. We notice here, with distress, that there still remain interminable disputes partly due to the inability of the major trading partners to accept panel judgements and to implement them to the letter in good faith.

In conclusion, I would stress once again, on behalf of my delegation, that the sine qua non objective of this round should be that of total liberalization of world trade on the basis of a common nomenclature benefiting all countries. The less developed contracting parties have stated repeatedly, with apt justification, that very limited concrete action has been achieved so far, hence their continuous subscribing to the old GATT - since the objectives have remained virtually unfulfilled - through application of special and differential treatment and the m.f.n. clause, to ensure equity and asymmetry in rights and obligations. Illegal trade measures in flagrant violation of the GATT ground rules must be unconditionally dismantled as an act of good faith, in order to reinforce mutual confidence.

It is only in this spirit that we can enter the new round with justifiable hope, so that at the end of the negotiations, we will have structured a vibrant international trading system that will, for generations, provide a stable and continuing impetus to global trade and prosperity.