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THAILAND

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Since the Forty-First Session of CONTRACTING PARTIES, there have been various major developments in trade policies and in the world trading system, the most important and positive one over the last six months being, of course, the launching of the Uruguay Round at Punta del Este. However, there were some negative movements to be deplored. These include the persistent protectionist measures, both in traditional and non-traditional forms, imposed by some of the world's largest trading nations, i.e., resort to subsidies for trade in agriculture, direct or indirect but with the common effect of cutting export prices, threatening to lead to trade wars of spiralling retaliation, and use of unilateral or bilateral restrictive measures in disregard of GATT disciplines.

Problems of trade in agriculture underlay most of the major disputes. The huge subsidization by major traders has severely disrupted international trade in agriculture by encouraging over-production and by substantially depressing world prices. The farm subsidy programs, which enable producers in the implementing countries to sell agricultural products at prices much lower than world prices, have caused serious damage to the foreign exchange earnings of small and fair traders.

In the case of Thailand, the United States Food Security Act of 1985, or the Farm Act, has direct effects on our agricultural exports, especially rice, which is the single most important source of income of the Thai people. The US farm legislation has had an unfavourable impact not only on Thailand's foreign exchange earnings but also on the livelihood of 35 million Thai farmers, among which 12 million are still under the condition of absolute poverty.

My delegation wishes to express its appreciation to the GATT secretariat for its efforts in preparing statistics on the situation of world trade throughout the years. The study undertaken by the secretariat to review developments in the trading system covering the period from April to September (L/6087) reveals that the number of non-notified tariff measures considered as falling within the ambit of GATT and applied by contracting parties remained unchanged compared to the same period last year, and twenty-seven restraint arrangements largely inconsistent with GATT were concluded or modified. Meanwhile, the Council was faced with a massive work-load during the past year, partly as a result of disputes arising from measures applied by major traders, which are protective in

nature and could be considered inconsistent with GATT rules and regulations.

In the overall context of developments, my delegation would like to add that the world trading system is still in the ominous cloud of protectionism. The expected improvement has yet to materialize. It is therefore incumbent upon all of us who believe in a fair trading system to maximize our efforts to ensure that the GATT system functions more effectively and equitably in the future.

The Punta del Este Ministerial meeting decided on 20 September 1986 to launch the Uruguay Round of multilateral trade negotiations with the aim of improving the world trade situation. At this juncture, Thailand looks forward to the successful conclusion of the actual negotiations, to bring about the elimination of all trade-distorting policies as well as to create an open, viable and durable multilateral trading system.

In this connection, trade in tropical products, natural resource-based products, as well as other primary products which form major parts of the gross domestic product and export earnings of the less-developed countries, should be fully liberalized.

On agriculture, negotiations should lead to the expeditious liberalization and elimination, within an agreed time-frame, of the existing massive and excessive subsidies and other trade-distorting measures implemented by some major industrialized countries.

In order to introduce more discipline and predictability in the world trading system, GATT rules must also be improved; the Articles on, inter alia, subsidies and countervailing measures, safeguards and dispute settlement, should be strengthened and revised so as to cope with the problem of trade-distorting policies in contradiction with the General Agreement.

To achieve this end, my delegation earnestly hopes that all contracting parties will adhere to the political will and commitment undertaken in Punta del Este, in particular at this point of departure, the commitment on standstill and rollback. Measures which might lead to a deterioration of the atmosphere for negotiations should be strongly discouraged. These include the introduction by a contracting party of a so-called customs user fee, which should be seriously examined and eliminated. In my delegation's opinion, the surveillance mechanism must be entrusted with enough power to enable it to perform its function effectively.

Before I conclude my remarks, I would like, on behalf of my Government, to express our sincere appreciation for the technical assistance rendered to my country by the GATT secretariat. In this regard,

my delegation hopes that the secretariat will also provide its valuable technical assistance to the developing countries in the course of negotiations in the Uruguay Round.

I wish to assure you and this distinguished meeting that Thailand will work constructively in co-operation with other contracting parties, not only at this Session but also in other GATT fora, towards a more open and fair system of world trade. Lastly, I am strongly convinced that under your guidance and leadership, Mr. Chairman, this Session will achieve successful results.