

INFORMATION

GENERAL AGREEMENT ON TARIFFS
AND TRADE
ACCORD GÉNÉRAL SUR LES TARIFS
DOUANIERS ET LE COMMERCE

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GATT/40/8

THE URUGUAY ROUND - THE BEST HOPE FOR HEALTHIER TRADE

Over 100 countries are now engaged in the biggest trade negotiation the world has seen. After a tough period of pre-negotiation, it was launched by trade ministers in Uruguay in 1986. The GATT has had trade rounds in the past - seven of them - which have achieved great advances in tariff cutting and the creation of new rules affecting non-tariff barriers. But the Uruguay Round is different. Why?

For all its early success, by the mid-1970s the creditability of the GATT system was already under some pressure. In the ten years or so since, international trade has been dogged by continual disputes, by escalating agricultural subsidies and by a new creativeness on the part of governments in finding even more devices with which to shield their most problem-ridden industries from competition.

As trade policies have strayed from GATT rules so other factors have also contributed to declining world trade growth - the debt problem and rapid movements in exchange rates are two major examples. Lower economic and world trade growth have led to factory closures, high unemployment and low investment. And with those trends have come new protectionist pressures - pressures which on occasion - and for the first time in half a century - challenged the idea of a multilateral trade system, harking back to the ideas of the 1930s and threatening the same results.

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But it is not just a matter of the erosion of the GATT's credibility. The world of commerce looks, and is, very different from that of the 1940s when the General Agreement was negotiated. The developing countries are major trading forces; whole new areas of commerce have opened up, especially in the services sector; vast changes in the economics of agricultural production and trade have taken place; and the pace of change in manufacturing - particularly in high technology - is both extraordinary and unprecedented.

So, many governments believe that this trade round must look much more fundamentally at the state and scope of the General Agreement itself.

It has meant a truly enormous undertaking - requiring a major commitment of time and effort on the part of all participating governments. There are, in fact, some 16 negotiating areas including agriculture, services, tariffs, intellectual property rights, textiles and clothing, the rules on emergency "safeguards" action against imports, tropical products and so on. In short, every real problem which faces the GATT and its member countries is being negotiated with a view to getting the trading system back on the rails.

The Round is, undoubtedly, a great challenge to governments and their negotiators. They were given four years in which to complete it. That should not mean that traders must wait that long for any worthwhile results - they could come earlier - but the round has to be regarded as a single package in which every participant makes concessions and reaps practical commercial rewards. The final objective is a multilateral trading system, relevant and responsive to the world of the 1990s and beyond, and capable of providing secure and stable conditions for economic development and business confidence.

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