

GENERAL AGREEMENT ON

SR.43/ST/11
21 December 1987

TARIFFS AND TRADE

Limited Distribution

CONTRACTING PARTIES
Forty-Third Session

Original: English

NORWAY

Statement by H.E. Mr. Kurt Mosbakk Minister of Trade and Shipping

The fluctuations in exchange rates and the changes in relative trade prices over the last few years, combined with shifts in fiscal policies in the largest industrial countries, continue to have profound effects on the pattern of trade and payments between countries. The large external imbalances that have emerged from this have given rise to international tensions.

We strongly believe that all possible efforts should be made to ease these tensions. Both collectively and as individual countries, we have a responsibility in this respect.

Fiscal restraint in countries like the United States, supported by measures to strengthen domestic demand in countries with large external surpluses, are necessary. The debt-ridden developing countries will need additional financing in order to reactivate growth and to make their debt situation manageable.

Such a managed correction of imbalances will bring roughly the same degree of balance correction as in the case of forced adjustments through exchange rate changes. But it will take place at a substantially higher level of world activity and therefore with less risk of major economic upheaval.

The recent events in the stock markets demonstrate the obvious need for co-operative action. Confidence and credibility among the market agents and governments must be restored if we are to avoid a recession in the years to come.

And that brings me to the Uruguay Round, which in our view is one of the most important measures or processes to avoid a general recession. The negotiations have been carried forward in many, if not most, areas during this year. The substantive work of the respective groups has proceeded in a constructive and businesslike atmosphere. We are particularly happy to register a broad participation and a strong involvement by nearly all contracting parties. This has resulted in a fairly large amount of proposals being submitted to the individual negotiating groups.

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The speed with which the Round has proceeded has put particular strain on the resources of smaller developing contracting parties. We should therefore look at ways and means of assisting those which need it most. It is also necessary that all contracting parties live up to their obligations as regards the financing of GATT, to enable the organization to do its part of the work in an effective way.

The present trading environment calls for continued progress in the Uruguay Round in order to create the necessary confidence and to avoid serious setbacks in international trade relations and thus in economic relations. In addition we consider it very important to preserve and enhance the multilateral nature of the negotiating process.

For these reasons, I think we all should demonstrate our political commitments to achieving positive results in the Uruguay Round by submitting concrete negotiating proposals where need be in order to speed up the progress of work. Such a broadly-based progress in the negotiations will in itself be a confidence-building measure and facilitate a productive mid-term review of the negotiations.

The severe imbalances in the world economy have not only nourished protectionist sentiments. They have also cast serious doubts about individual countries' ability to live up to the standstill and rollback commitments agreed to at Punta del Este. A firm and convincing attitude from all contracting parties in this regard would ease current trade tensions and reduce frictions between governments, and thus contribute to the progress of the Uruguay Round.

Any strategy to promote trade and to resist protectionism will focus on restoring confidence in the GATT's ability to halt erosion of the open trading system and to restore momentum to trade liberalization. Such an achievement would significantly advance the economic development and trade possibilities of all contracting parties. This is important for all, but in particular for the developing countries.

The Uruguay Round is the principal means by which we can reach this goal. My Government, representing one of the founding fathers of GATT, stands firm behind the Punta del Este Declaration and is anxious to see the Uruguay Round become a success. We are prepared to take part in a further liberalization of obstacles to trade. We trust that all contracting parties will do the same, and that they also will refrain from introducing new obstacles. We all have to show the necessary political courage to reach these goals. Our endeavours are aimed at improving the conditions for people in all countries, to strengthen our economies and to safeguard and increase employment. By so doing, we greatly improve the possibilities for promoting the standard of living and ameliorating the environment, a task the World Commission for Environment and Development has forcefully and convincingly agreed should be undertaken urgently and with great sincerity - by us all, to the benefit of us all. The activities of GATT remain an integral part of the total international efforts to form our common future.