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The debate on the first item of the agenda is usually an opportunity for taking stock of GATT activities over the past twelve months, reviewing developments in trade policies and in the world trading system and projecting our course of action for the coming year. This Forty-Third Session of the CONTRACTING PARTIES marks, however, a milestone in the history of the General Agreement. It is therefore appropriate to undertake a long-term overview of the institution and to visualize its future development.

The GATT started modestly, considering the high expectations that the deliberations leading to the Charter of Havana had raised, its provisional nature reflecting an inability to live up to commitments agreed upon. In one way or another, however, the ideas which inspired GATT's founding fathers survived. Two of these ideas seem to be of paramount importance: firstly, the belief that one should learn from the mistakes of the past and avoid a return to the destructive trade policies of the 1930s; secondly, the concept that a strong framework of rules for trade relations could provide a basis for the growth of international trade and for the equitable distribution of its benefits. Out of that background, a new order was born to prove that the crisis, besides its ruinous effects, also had creative ones.

In assessing the performance of GATT along these past forty years, we find, as in any human initiative, that we are faced with mixed results. The General Agreement has withstood tremendous disruptive pressures and the institution outgrew its modest origin to become a pillar of the multilateral trading system. In addition, trade liberalization brought about by successive rounds of multilateral negotiations was an important factor in the rapid expansion of international trade.

On the other hand, when the system was created, concerns with economic development were at an incipient stage. The awareness of the problems of developing countries was limited, and these countries' participation in world trade restricted to trade in commodities. The idea that the workings of the system and of the market would reduce inequalities did not alter the reality of international economic relations which negated those assumptions. Even though changes were introduced to respond to the needs of developing countries, the structural weaknesses of the system were not

tackled and the cause of development remained an exception in the GATT. The additional rules proved inadequate in the face of the magnitude of the issue of development and insufficient to allow for a full integration of developing countries in the world trading system. Furthermore, when such rules could lead to a greater participation of developing countries in world trade, they were neglected in favour of unilateral restrictions and exceptions.

We are living through difficult times. The period of prosperity and rapid growth in world trade has been followed by recurrent crises, increasing disequilibria and low rates of economic growth. Absence of macro-economic discipline on the part of the major players in the world economy, coupled with huge trade imbalances and associated capital flows, poses serious questions to the prospects for growth and development. The developing countries have been submitted to tremendous pressures by the combination of unfavourable developments on the trade and financial fronts. In order to meet their financial obligations, indebted developing countries have been forced to generate huge trade surpluses in a period of slow growth in OECD economies and world trade, of marked deterioration in the prices of commodities and of growing protectionism.

The consensus for the launching of the Uruguay Round and the commitments inscribed in the Punta del Este Ministerial Declaration seemed to herald prospects of a concerted attempt at resisting a further weakening of the multilateral trading system. The first step in that direction must be to live up to the commitments then assumed and to fully respect them, especially the standstill and rollback.

It is inconceivable, however, that developments in the field of trade can proceed in isolation from developments in the financial area as well as in the economies of the major trading partners. The goal of strengthening the multilateral trading system that we all pursue cannot be achieved if imbalances in other areas are not corrected. The Punta del Este Declaration recognizes the interdependence of trade and finance and, in this context, the need to address the central issue of the developing countries' debt.

In all our endeavours, we should be guided by the one rule that allowed us to come to a successful launching of the Uruguay Round: the rule of consensus. If negotiation and consensus are replaced by attempts to gain access to markets by resort to unilateral and illegal measures, the consequences will be a further weakening of the multilateral trading system, exacerbation of trade disputes and retaliation, to the detriment of all.

The GATT and, in fact, the whole of the world trading system have one cornerstone, the solidity of which is crucial not only for the permanence of a construction of forty years, but also for the solidity and relevance of whatever is there to be built in the decades to come.

I am referring, of course, to the respect for the law of GATT and to the acceptance of its dispute settlement procedures.

We must make clear our choice between the rule of law and the rule of might.

We are not going to achieve the common goal of improving and strengthening the law of GATT by putting aside and discrediting its rules and procedures as they exist today. Substituting domestic regulations and consensual, mutually agreed rules and mechanisms is not the way to progress and justice.

On 27 November, the GATT Secretariat circulated among contracting parties a communication of particular relevance to these matters. I refer to document L/6274. It relates to an unprecedented threat posed to Brazil's rights under the General Agreement through unilateral trade restrictions completely contrary to the GATT. I would request the best of your attention to this true testcase of the law of GATT, for it is our belief that such actions, if unchecked, will have ominous consequences. Instead of self-righteous and negative behaviour, we need a prompt return to the consensual and constructive spirit that gave birth to this institution.

In this connection, I strongly want to support what was said by the Minister of a major trading nation in the course of yesterday's debate in the sense that the GATT should publicly expose to the reproach of the international community those trading partners that violate the General Agreement.

The Heads of State of eight Latin-American countries met last weekend in Acapulco, Mexico, and adopted an important declaration. Allow me to call the attention of the CONTRACTING PARTIES to parts of the text that address the issue before us. I will quote from the original text in Spanish:

"In the field of international trade, the obstacles faced by our countries have been aggravated by recourse to unilateral decisions that directly violate the norms established in the General Agreement on Tariffs and Trade (GATT). In addition to seeking only to serve narrow national interests through coercive and measures that discriminate signatories of GATT, such decisions directly undermine international law and raise questions about the very survival of the rules of the multilateral trading system, and especially of its fundamental mechanisms for the settlement of disputes."

The Presidents further stated:

"We undertake to act jointly to fight against unilateral decisions based on domestic laws or on policies of force, and to fight for a strengthened international trading system that will enforce its norms and principles, which is an essential condition for the economic security and sovereignty of our countries."

The crisis of the eighties must form the basis of a restructuring of international economic relations that will try again to avoid the mistakes of the past and to build a durable and equitable framework not only for growth, but also for economic development. The new system we all aspire to must have the cause of development as one of its major objectives and recognize the interrelationship between growth, trade and finance. Let us not shy away from the task before us. Let us build a new consensus that reflects the evolution of the last forty years and the awareness of the central rôle of development in the quest for a global and durable framework for the conduct of international economic relations.

The consensus reached for the launching of the Uruguay Round is the basis upon which we can start building this new framework in the area of trade. Progress has been significant in the initial stage of our endeavours. We have all contributed to these results. Through consensus and the equitable participation of all in the decision-making process, further progress will be made next year in a way that takes account of the interests of all participants. If we proceed in this manner and try to integrate in a positive and constructive way the developing countries into the system, recognizing their special needs, we will be establishing the foundations for a lasting and just trading system. In a system where the interests of developing countries are fully contemplated and where the cause of development is one of its main objectives, the developing countries will readily accept a fuller participation and the assumption of greater obligations.