

# GENERAL AGREEMENT ON

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## TARIFFS AND TRADE

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CONTRACTING PARTIES  
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### JAMAICA

#### Statement by H.E. Mr. K.G. Anthony Hill Ambassador, Permanent Representative

CONTRACTING PARTIES in commemorating the 40th anniversary of the General Agreement on Tariffs and Trade (GATT), pay ample testimony to the enduring principle of fair competition through mutually advantageous arrangements. From twenty-three signatories of the Final Act in 1947, the GATT stands a few short of 100 contracting parties accepting to conduct trade within the contractual frame of reciprocal rights and obligations and special treatment for less-developed contracting parties. Equity and equality in relations between large and small trading nations count for more than sheer economic weight as the guiding principles.

When the United Nations Economic and Social Council (ECOSOC) convened the international conference on trade and employment in February 1946 to draft a convention establishing an International Trade Organization (ITO), there was a clear vision of the need for renewed growth and development. While this ambitious objective survived and prospered, the ITO was still-born. In its place the more modest GATT emerged. My Government, twenty years a contracting party, pays tribute to those pioneers, developed and developing alike who had the vision and the will. A special tribute is in order to the United States, the emergent and pre-eminent economic power which combined enlightened self-interest with nobility of purpose, generosity and vision, and which led the way.

The Bretton Woods institutions were established on much firmer footing three (3) years earlier, in 1944 - the World Bank for investment and installing productive capacity in capital-poor economies; the International Monetary Fund (IMF) for managing and financing the adjustment of balance of payments, primarily through oversight of exchange rates and the provision of reserves. The World Bank, the GATT and the IMF together were the mutually reinforcing institutions increasing output and employment, and facilitating the expansion of international trade through the maintenance of stable exchange rates. Together they helped smooth the cyclical and structural adjustments in the world economy and reconciled the conflicting economic policies of politically independent countries, the numbers of which grew significantly in the years ahead. Over the past decade world economic growth has slowed, jeopardizing the gains achieved. The burden of these adjustments has fallen most heavily on developing countries.

During these past forty years, many important political, economic and institutional changes have given new meaning to the notions of the interdependence of the 1940s. There are new economic powers, both developed and developing. There are major crises in the adjustment processes reflecting themselves in inflation, stagflation, protectionism, debt servicing problems, collapses in financial markets and even a breakdown of the Bretton Woods system.

Today, despite the higher standards of living, the full employment consensus no longer prevails. Too many remain unemployed and the gap between the standards of living in the rich industrialized countries and most poor developing countries grows even wider.

The GATT has played its part in contributing to increased global welfare, providing the framework for contracting parties to keep markets more open. We must take care however not to claim too much for the GATT's part in the achievements, for fear that we will ascribe too much blame for the failures. It is after all, the policies and actions of governments that matter. To the extent that governments have failed in their domestic adjustment efforts and sought to close their markets to foreign competition and to export their unemployment, the GATT as an institution and a framework for facilitating trade has suffered a loss of credibility and authority. Yet governments should not accept all responsibility for the present crisis. Corporate and private agents too, in speculating instead of investing and in consuming more while saving less, have done as much and more to distort markets than many governments.

Commemorations are as much for reflections as for charting courses for the future. In recognizing the growing gap between the distribution of global welfare generated by increased output and the expansion of trade, we ought to recommit ourselves as contracting parties to GATT's primary objectives. To quote an outstanding president of one of the founding contracting parties, "the test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little". In reflecting on some of the recent events where speculation and heedless self-interest have contributed more than their share to the prevailing uncertainties, the concern expressed by the same president must provide us with food for thought. He observed, "it is an unfortunate human failing that a full pocket book often groans more loudly than an empty stomach".

In reflecting on the rôle of GATT, we must never lose sight of the far more important contributions made to the recovery of growth and development by strong leadership, innovative policies and international co-operation. The European Economic Recovery Programme (ERP) with indispensable support from the United States was put in place simultaneous to the building of multilateral institutions. Without the substantial financial and real resources provided to these economies, the differential and more favourable treatment provided in the financial and trade fields, the growth and dynamism of the economies of Europe and Asia would have contributed much less to the prosperity of the world. It should be recalled that Europeans

were encouraged to liberalize trade among themselves, to maintain restrictions on imports from, while being able to expand their exports to, the so-called dollar area.

Contracting parties have joined with other participants in launching an ambitious round of Multilateral Trade Negotiations, the Uruguay Round of Trade in Goods and Services, going beyond the traditional areas of GATT. Care must be taken to avoid two things - one, an exclusive emphasis on issues of concern primarily to special interests, and two, a partial, short-sighted emphasis on trade liberalization limited only to certain sectors of interest to developed contracting parties, while ignoring the expansion of trade necessary to support the development imperatives of less developed contracting parties. In short, the Uruguay Round must provide benefits to all participants. These negotiations reflect perhaps just the tip of the iceberg of the massive structural macro- and micro-economic changes taking place in and among the world's economies. In constructing the international trade system for the 21st century we must avoid creating difficulties for developing countries to play their full part in contributing to the renewed dynamism of the world economy.

I will now make a few brief comments on a number of suggestions made at this session.

Firstly, regarding the mid-term review by Ministers of the Uruguay Round at the level of the Trade Negotiations Committee, it is important and necessary to recall that in respect of the negotiations on Trade in Goods, the CONTRACTING PARTIES constitute the sole responsible body for any decision affecting Part I of the Uruguay Round. Ministers, including those who are not contracting parties, will review Part II - Negotiations on Trade in Services as part of the Multilateral Trade Negotiations. Ministers have also decided to review the progress of the negotiations, which are considered to be a "single political undertaking".

Secondly, regarding the informal meetings of Ministers, these have been held outside of the GATT on a selective basis and without GATT coverage. It is recognized that there is no provision in the GATT whereby such meetings are considered as part of the GATT decision-making process. These meetings have no doubt been useful and may well be considered worthy of continuation. They cannot be expected to substitute for the appropriate institutional bodies of the GATT which respect the rights and obligations of each contracting party and where decisions are taken in full transparency.

While the principles of GATT have remained valid, its rules and disciplines have adapted to the changing international environment. From a membership limited mostly to industrialized countries, GATT has grown to encompass a large majority of less-developed contracting parties. The rule of consensus decision-making has been strengthened, and in the application of its principles and rules, the development, finance and trade interests of the majority are increasingly being considered if not yet accommodated. These positive elements must be fostered so that future generations will say of the GATT - life began at forty.