

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

SR.44/ST/1

18 November 1988

Limited Distribution

CONTRACTING PARTIES  
Forty-Fourth Session

Original: English

### NORWAY

Statement by H.E. Mr. Martin Huslid  
Ambassador, Permanent Representative  
(Speaking on behalf of the Nordic countries)

When the CONTRACTING PARTIES met last year, the Session was dominated by two events. Just a few weeks earlier, financial markets world-wide had suffered the most severe disturbances in the post-World-War era. At the same time, we celebrated the fortieth anniversary of the GATT, and the keynote address to the Session was made by Mr. Paul Volcker, perhaps befittingly under the title "The GATT under stress - Is there life after forty?" In one word, it seems fair to say that last year's Session was characterized by uncertainty.

With this in mind, one might put the question today whether this degree of uncertainty has decreased or not. And even more challenging, do we have reasons to believe that, for GATT, which certainly has had a rich life before forty, indeed an even richer life "begins at forty"? The precise answers will have to be left to future historians, but from the point of view of the Nordic countries, we would choose to venture a cautious "yes" to these questions.

The international economy expanded more rapidly in the second half of 1987 and early 1988 than had been expected in the autumn of 1987. Private consumption and business investment rose in the second half of 1987 and early 1988, as did trade in manufactured goods. Prospects for the rest of 1988 and 1989 also appear brighter than previously assumed. It should, however, be added that the development has been rather unbalanced, with some of the developing countries, particularly the least-developed, often lagging behind in the process.

Several countries, particularly industrialized countries, are, however, now expected to enter a phase of reduced domestic demand. It is therefore being assumed that expansion gradually will be levelling off through late 1988 and 1989. There is therefore some danger of a setback in the world economy, due both to trade imbalances and to the more restrictive fiscal policies that a number of countries may adopt to prevent more rapid inflation. It is thus very difficult to make any long-range predictions about the course of developments. We do know, however, that the underlying factors and trends influencing the evolution of the world economy are generating strong pressure for structural changes in world production and trade.

The link between economic development and the trading system is evident. The continuing efforts to remove the barriers to world trade, as well as efforts to strengthen the rules of the trading system, are crucial in this context.

Accordingly, the GATT, and in particular the Uruguay Round, have a vital rôle to play. It is a formidable challenge to bring GATT into full relevance with respect to the trading and investment issues that preoccupy both businesses and governments in the coming years, and the degree to which we are able to achieve such a goal will be a crucial confidence-building signal to the trading environment.

The negotiations in the Round have reached an intensive phase. The substantive work of the respective groups has proceeded in a constructive and business-like atmosphere. We are particularly happy to register the participation and the strong involvement by a broad spectrum of the contracting parties.

The negotiations will now move towards more operational detail. It is our hope that we all will demonstrate our political commitments to achieve positive results also -- or maybe I should say particularly -- in this phase of the negotiations in order to make real progress in our work.

In this connection, we feel that the coming mid-term review meeting in Montreal should be used to achieve at least two central objectives: firstly, to provide clear and precise guidelines for the final phase of the negotiations, and secondly, to provide a signal of progress to the world at large in order to sustain the movement towards an effective and liberal multilateral trading order where each and every contracting partner has a stake and interest. The effectiveness of the order would be enhanced by concrete results in Montreal with regard to issues such as dispute settlement and the functioning of the GATT system. Future results on new issues -- such as services and TRIPS -- would contribute to the same end. The openness of the system would be increased by successful and balanced negotiations on, for instance, agriculture and in the more traditional market-access fields, in particular tropical products which, as we know, are specially underlined for special attention in the Punta del Este Declaration.

We will have an opportunity to address these aspects further at the Group of Negotiations on Goods and Group of Negotiations on Services meetings later this month, but we feel that the CONTRACTING PARTIES should also impress on all concerned that the future shape of the multilateral trading system is perhaps of greater importance than ever.