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YUGOSLAVIA

Statement by H.E. Mr. Marko Kosin Ambassador, Permanent Representative

The year since the last session of the CONTRACTING PARTIES was marked by an unabated degree of regular activities, as reflected in the Council's Report and by parallel intensive multilateral trade negotiations. We have been participating in this undertaking in the conviction that the commonly proclaimed objectives in the Punta del Este Declaration are meaningful and need to be achieved. Yugoslavia is attached to the principle of multilateralism and is ready to contribute to its preservation and consolidation. We see the current negotiations, and our GATT membership in general, primarily through a prism of improved conditions for economic development and prosperity in the world economy. These are bench-marks by which we measure GATT activities and test the proposals for improvement of the GATT system. In our opinion, what we need in the present interdependent world is a clear recognition of the significance, rôle and capability of GATT to respond to development needs.

But to let it live up to such a rôle, it is necessary to halt the current crisis in the multilateral trading system, to stop and reverse protectionism, further liberalize world trade and strengthen the GATT for the future.

We are fully aware, however, that because of interdependence of trade, money, finance and development, GATT alone cannot resolve the existing problems, particularly since many developing countries, especially heavily indebted ones, are menaced by a continued downward trend of economic performance and growth. The rate of their fixed investment is low or negative, coupled with negative net transfer of resources against the background of increasing interest rates and limited access to financial markets. Despite improved world economic performances in 1988, it is evident that many countries did not share in it.

We are deeply concerned over the fact that two years of negotiations elapsed and no effective implementation of standstill and rollback commitments had taken place, which we consider to be the major confidence-building element. The report of the Chairman and the debate in the Surveillance Body testify to it. Unilateral measures, inconsistent with contracting parties' obligations under the GATT are still being resorted to, while there is a complete lack of rollback for the time being. Furthermore, we witness an expansion in a number of "grey area" measures. Trade disputes are at a record level, reflecting, in our opinion, both the flaws in some of the GATT rules and lack of discipline and readiness to

respect the obligations taken at the multilateral level. It is evidenced by delayed implementation of even those panel recommendations that were approved by the Council.

Protectionism is particularly pronounced in the sectors of interest to developing countries. In main areas of interest to Yugoslavia and to many developing countries, there is insufficient progress in the negotiations for the time being. The most striking examples are textiles and clothing, safeguards, agriculture, tariff, non-tariff measures and natural resource-based products. Last but not least, it applies even to tropical products, which were accorded priority both in the Tokyo and Uruguay Rounds.

Draft reports by the chairmen of the Negotiating Groups (NGs) and corresponding debate have indicated not only uneven progress by areas but sometimes reluctance to take equally into account some different positions. This might obscure, but cannot resolve, the problem.

We are of the view that the majority of developing countries demonstrated their wish to participate actively in negotiations and give their contributions in conformity with their development, financial and trade needs and possibilities. At the same time, we have got an impression that there is a trend towards negligence not only of the general principles contained in Part B of the Punta del Este Declaration, but also towards erosion of the special and differential treatment for developing countries. An expectation that a country should yield more than it really can does not back up its own efforts but threatens to dump them down, because of the opinion that it cannot fulfil such expectations.

Less than a month before the Montreal Meeting, I wish to stress the importance we attach to full transparency of the negotiations by consensus decision-making, balance of interest and parallel progress in all negotiating areas. These are prerequisites for success of the forthcoming Ministerial Meeting and even more so for the broad-based interest in continuing the negotiations after Montreal. This is to say that the Montreal Ministerial meeting should not yield premature results at any cost in certain Negotiating Groups, particularly not in those dealing with the so-called new areas, if it is accompanied by lack of actual progress and continuation of uncertain perspective in areas dealing with traditional and long outstanding GATT problems. We expect that strengthening of the GATT system should be forthcoming from the negotiations taken as a whole.

Success of the Montreal meeting would be a favourable signal to governments of all countries, which would facilitate, as an omen of good perspectives, resistance to protectionist pressures to follow the path conducive to both the realization of GATT objectives and their own national growth and development targets.