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(Speaking on behalf of the Nordic countries)

In parallel with the increasing pace of the Uruguay Round, the activities of the GATT have been very intense indeed since the last session of the CONTRACTING PARTIES. In different GATT fora, trade policy developments have been debated. Many important decisions have been taken during the last twelve months. For example, during no single previous twelve-month period have there been so many panel reports discussed and agreed. Some of them will prove to be of great importance for interpreting the General Agreement in the future. Despite some serious strains on the dispute settlement system, the Nordic countries note with relief that -- after all -- the system has proven to be able to handle even politically difficult cases. The Nordic countries are well aware of the fact that the final test of the efficiency of the dispute settlement system in some case remains to be met, i.e., the implementation of the Council decisions. We are, however, confident that all parties concerned will implement the decisions in a manner fully compatible with both the letter and the spirit of the dispute settlement system. However, this being said, we note with concern a continued tendency on the part of some contracting parties to use the dispute settlement system as a means of directly or indirectly influencing ongoing negotiations in the Uruguay Round, in some cases even as an outright substitute for such negotiations. It should be clearly understood that developing an effective dispute settlement presupposes that contracting parties are ready to use it in a responsible manner and refrain from exploiting it for enhancing national negotiating positions.

Among the positive developments during the past year we would also like to draw attention to the fact that the balance-of-payments procedures have passed an important efficiency test, albeit not without difficulty. We find it very gratifying for the GATT system as such that Korea decided to disinvoke Article XVIII:B and we welcome the undertakings given by Korea in this context. The decision of Ghana recently to disinvoke in practice Article XVIII:B is another important contribution to strengthening the GATT system, which we also welcome.

The last twelve months have shown how interwoven the regular GATT activities have become with the Uruguay Round. For example, at its meeting in April, the Council adopted decisions relating to Dispute Settlement and

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Functioning of the GATT System, which were the result of the Trade Negotiations Committee meetings of December 1988 and April 1989. Through these decisions, preliminary results of the Uruguay Round were adopted. It is now incumbent upon all contracting parties to make good use of the time available before the end of the negotiations in order to gain experience which could be built into the final results of the Uruguay Round. The Dispute Settlement system needs further refinement and improvement. Next week the first trade policy reviews will take place. There will be three more sessions of that kind before the end of the Uruguay Round. The Trade Policy Review Mechanism (TPRM) is a new element in the GATT. The Nordic countries attach great importance to making the TPRM a success. We believe that it is an important element in transforming the GATT into a modern trade policy institution. We would like to add that we have noted with great satisfaction the active participation in the Round by the developing countries. We are, however, aware of the serious problems for the least developed countries and will work actively towards finding appropriate solutions for these countries.

It is an understatement to say that the next twelve-month period will be of particularly crucial importance for the GATT. The necessity to strengthen the multilateral trading system cannot be sufficiently stressed. Many of the practices affecting world trade today are alien to the basic principles and disciplines on which the founding fathers of the GATT drafted the General Agreement. The proliferation of so-called grey-area measures is one such feature. The alarming tendency to have recourse to unilateral actions is another. It is no exaggeration to say that the General Agreement is fully applied only to a limited and even a shrinking part of world trade. We all know the reasons for that. However, rather than throwing accusations at each other for not adhering to the basic principles of a truly multilateral system, we believe it to be much more constructive to underline the importance of joint efforts to advance and successfully complete the Uruguay Round, the goal of which is to revert to the basic principles and disciplines of the GATT and to extend them to the new areas under negotiation in the Round. But clearly we must demonstrate this willingness not only in words but also in practical action. A truly open multilateral trading system means adherence to liberal, non-discriminatory, predictable and transparent policies where the rules are complied with by all parties. Protectionism in the form of protective trade policy measures might be politically attractive in the short run, but it is costly for a country's economy in the long run. A well-functioning multilateral trading system would help governments withstand protectionist pressures. It would also enhance the standing of the GATT in its relations with other international institutions.