

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

MTN.TNC/MIN(88)/ST/13
5 December 1988
Special Distribution

Trade Negotiations Committee

Original: French

Meeting at Ministerial Level
Montreal (Canada), December 1988

FRANCE

Statement by Mr. M. Rausch,
Minister of Foreign Trade

Our meeting this week is being held at a decisive moment for world trade.

While international trade in 1988 has maintained the solid growth it achieved in 1987, acute tensions still remain, imbalances are slow in being absorbed and the debt burden continues to hamper the upswing of the developing economies.

The free-trade system consequently remains faced with grave threats and unilateral temptations in the months and possibly the years ahead.

Faced with these threats and temptations, the contracting parties seem to me to have three duties:

- to strengthen the GATT;
- to intensify still further our efforts at co-ordination; and
- to deal with the real problems of international trade.

I. Strengthening the GATT first of all

This particularly concerns dispute settlement, which must be expedited and made more effective. France is most desirous of an agreement at Montreal on this important subject, and such an agreement seems feasible to us if it is realistic and if each contracting party is willing to adapt to it.

To be realistic, the agreement will have to be consistent with the fundamental principles of the GATT, first and foremost, the consensus of the contracting parties. To live and develop harmoniously, the GATT must not become a tribunal. It must remain a contract.

Other disciplines are equally necessary to make GATT more credible. I am thinking of the surveillance of trade policies and wholeheartedly accept the special burden that will fall in this area on the major trading partners.

On these matters we have made much progress since Punta del Este, and I believe that we can achieve good results at Montreal. However, strengthening the GATT will become really meaningful only in a framework of monetary and economic stability.

II. It is therefore also necessary to maintain and intensify our efforts at international economic co-ordination

A number of lessons can be drawn from recent events in this connection, and I would refer here to the assertion of Mr. Paul Volcker in his address to GATT on the occasion of its fortieth anniversary. His assertion was expressed as follows:

"What I will assert is that the health and vitality of an open international trading order will be importantly dependent over time on the willingness of governments of large trading partners to reach some realistic collective judgements about the broadly appropriate level of exchange rates."

This is an area in which, in the last three years, we have made very great progress which is certainly not unconnected with the sustained growth of world trade in 1987 and 1988. Without too closely linking these two areas, it should be possible for everyone to agree that, in each of them, the stability of the environment and the "collective judgements" referred to by Mr. Volcker are the best guarantees of success.

III. I would now like to revert to the multilateral trade negotiations themselves in order to touch on what, in my view, are the real problems of foreign trade

Among these "real problems" there is of course agriculture. I shall not deal in generalities on this subject. We are engaged in negotiations and I shall go straight to the point by saying the following:

1. France is resolved to embark upon a concerted and balanced reduction of all agricultural supports with the help of appropriate instruments such as those defined by the European Community in its latest proposal for the long term.
2. This does not mean that we would accept the idea of standardizing everything and abolishing all existing agricultural policy instruments. Owing to the structure of their agriculture, France

and the European Community as a whole will have to keep for a long time to come, the dual pricing system that is a feature of our policy.

3. Lastly, as far as short-term measures are concerned, we believe that decisions are possible and that they should be examined. Naturally, the courageous and difficult decisions taken by the Community in February 1988 at the Brussels Summit, and those announced somewhat later by Japan, will have to be assessed and recognized at their true value in these negotiations.

The "real problems" of world trade include, of course, the new subjects before us. Intellectual property and services are problems of today and will increasingly become the major issues of the end of this century. We can no longer ignore their growing rôle in world trade or keep them any longer out of GATT without running the certain risk that less equitable solutions will be necessitated in another framework.

The main question regarding intellectual property is that of standards and their application. What is at stake is the future of protection of scientific, industrial and artistic creation, in other words the future of your children and of your environment.

What is imperative for us to decide at Montreal is to enter into substantive negotiations on intellectual property standards, implementation procedures and the applicable principles of the GATT. Is this too much to ask? I do not think so, and I believe that everyone should carefully weigh the pros and cons before deciding whether it is really in his best interests to reject the very principle of negotiation on this subject.

As to services, the task is to define some common principles covering the diversity of economic and juridical systems and the rules of the game for further negotiations. Some confusion seems to have entered into our thinking these last few weeks which, until then, had seemed promising.

I earnestly hope that we shall be able to work effectively, in the time still left to us, to arrive at a satisfactory compromise.

I shall conclude by mentioning two political principles which now more than ever should guide our work this week:

- The first - and this will be no surprise to anyone - is that of globality. It is now, on the basis of the reports of each working group, that we shall be able to put it fully into effect in keeping with the guidelines laid down at Punta del Este. It is now that we must make it the acid test, the driving force and the instrument for balancing these negotiations;

- The second concerns tropical products. In the general framework of globality, there was an area in which we had agreed to "go as fast as possible", and that is the area of tropical products.

We welcome the agreement reached on this subject during the night of Sunday to Monday among a number of contracting parties and on the prodding rôle which the Community was led to play. We are happy to see that, as France wished, a specific section may be added in favour of the least developed countries. France calls upon the other partners who have not yet joined in this agreement to do so.