

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee
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SINGAPORE

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The multilateral trading system of GATT has enabled the world economy to develop and prosper in a dynamic but orderly way. Successive GATT rounds have reduced tariffs and stimulated world trade. GATT rules have defined what countries may or may not legitimately do, and protected the interests of all countries, big or small.

Today, large trade imbalances threaten this multilateral trading system. Free trade is still economically in the best interests of all of us, but it has become an unpopular and politically difficult policy in many countries. "Fair trade" is often just a euphemism for protectionism. Tariffs are no longer the main obstacle to international trade, but a multitude of ingenious restrictions and obstacles have sprung up to replace them. These non-tariff barriers endanger the progress of the last few decades.

Two years ago, the GATT contracting parties launched the Uruguay Round, in the hope of addressing these problems. Half-way through the Round, we are gathered here to review progress so far, and give the talks a further impetus.

Although we have all worked assiduously since Punta del Este, progress has been slower than we originally hoped. Instead of freeing trade, many contracting parties have dealt unilaterally with their urgent problems. Some have imposed countervailing duties, introduced anti-dumping measures, and passed trade legislation contrary to fundamental GATT principles. The standstill and rollback obligations agreed upon have yet to materialize.

Unless we achieve some tangible results at this mid-term review, the Uruguay Round may fail, and with it the GATT system. Striking tough positions, brinkmanship and linkage are standard negotiating tactics. But we must go beyond the rhetoric of the debate to make practical deals on the substance of the issues. Otherwise we will all go home empty handed.

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In these negotiations, we should try to reduce trade barriers, expand market access and preserve the basic principles of m.f.n. and non-discrimination. We should encourage open and fair trade, instead of sheltering sectoral interests from competition. This will strengthen the multilateral trading system, and stabilize the international trading environment.

This review must produce tangible results in the areas of liberalization of tariffs and non-tariff measures, dispute settlement and tropical products. It should also clear the way for the post-Montreal negotiations on safeguards, services, subsidies and countervailing duties. While we discuss extending GATT's scope to new issues and new forms of trade, we should not forget that the principal task before us is to reduce the barriers to trade, be they tariffs or non-tariff measures.

We should avoid dealing with trade problems bilaterally, outside the framework of GATT. Trade problems are seldom purely bilateral in nature, and abandoning the multilateral framework to solve them may only make things worse. When there is indeed no alternative to a bilateral deal, the agreements reached must not jeopardize GATT principles.

Several regional groupings are working towards closer economic integration, for example Europe, Australia and New Zealand, and the United States and Canada. So long as these regional efforts enhance trade and do not shut out other countries, they will be useful demonstrations of the feasibility and benefits of freer trade. However, should they instead work to restrict trade and protect markets, they could lead to the creation of trading blocs, undermining GATT and prejudicing the outcome of the Uruguay Round. Singapore hopes this will not happen.

The success of the Uruguay Round will benefit all countries. As a member of ASEAN, the association of South East Asian Nations, Singapore will contribute constructively to this Review, to help bring the Round to a timely and satisfactory completion.