

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

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NEW ZEALAND

Statement by Mr. Mike Moore,  
Minister of External Relations and Trade

We all come to Montreal with one aim in mind: half-way through the Uruguay Round, we all want a successful outcome.

The real question - the really difficult question - is what on earth do we mean by a "successful meeting"?

Let's be frank. Most international conferences would be called a success if Ministers all said what their officials told them to say, everyone seated themselves at the right place at Ministerial dinners, and we all ticked off a precooked communiqué declaring that whatever the substantive content might be, it was, above all, a great success. Finally, we would agree to meet again next year.

That won't do for Montreal. If Ministers end this meeting in a political deadlock, if we duck all the key political decisions, people in governments and business everywhere will draw the conclusion that the Uruguay Round is literally going round in circles. And that, Mr. Chairman, we cannot afford.

Postponement is not victory, delay is not success. Sidetracking progress will be a hollow result. What on earth makes some people think it will be any easier in 1990 when the Round concludes.

It is often observed that it is not a question of people failing to learn the lessons of history. They do learn them. And then they forget them. This history is a tragedy which can become a farce.

Let's go back a couple of years and recall why the Uruguay Round was launched in the first place. The Round was launched because the multilateral trading system was under sustained political and economic pressure, what's changed?

After two years of talking the protectionist pressures have not gone away. Trade imbalances have grown, not diminished. The debate on trade policy in the major countries is being more or less successfully contained by forces in favour of open, not closed, markets.

The intellectual battle has been won. Few now talk of food security. The protectionist model is discredited. Technology has changed everything.

There is a global economy. No nation however big can achieve her social, economic or military objectives alone.

We must talk. We need not like each other but we must co-operate.

Subsidizing exports and protecting markets is just a clumsy way of exporting social and political problems.

No one in developing or developed nations has won an election recently on protectionist policies. Perestroika is with us. Not even the Soviets believe in the old slogans.

The mood for change, the realization that economic liberalization is good for North/South/East and West is accepted by editors, workers, managers, leaders and thinkers. They argue only the pain and pace of change.

But if we have a non-result from Montreal, whatever nice words we may use to describe it, political and economic markets will draw the conclusion that the Uruguay Round is unlikely to deliver on its promise.

It would mean that instead of searching for multilateral solutions to the deep-seated problems in world agriculture trade, in intellectual property, in services, and markets closed to imports, people will search for second-best or third-best solution in non-multilateral ways, including unilateral ways.

In fact, while our negotiators have been locked in a ritual war dance in Geneva for two years, the world has already moved on. Two developments of profound importance for future trade and economic relationships have occurred since we launched the Round in 1986 and which bring the choice we face into sharp focus.

I am referring to the drive to create a single market within the Community in 1992 and the common sense decision of the Canadian electorate to clear the political obstacle to a North American free trade area.

These two developments have altered the negotiating landscape of the Uruguay Round. When we went to Punta del Este, "1992" was not much more than an entry in the diaries of a few Commission officials.

The United States/Canada Free Trade Area covers the largest bilateral trading relationship in the world. It is a major new trade policy direction for two countries which historically play a lead rôle in the search for multilateral freer trade. Its further development will be influenced in no small way by their respective assessment of whether the Uruguay Round is likely to produce results.

My message is simple. The talks in Geneva are not taking place in an environment hermetically sealed from these global commercial and political influences. If the negotiations stay in deadlock, the action will move elsewhere.

It is up to Ministers to make the Mid-Term Review a success. And this can be done only by taking political decisions to clear the way for fruitful negotiations in 1989 and 1990.

Not all subjects are ripe for final political decisions. Safeguards is a classic example. Trade-related investment measure is another.

But there are areas of the negotiations where decisions have to be taken to ensure the success of the negotiations over the next two years. Tropical products is the obvious one - the sole area singled out for priority attention because of its critical importance to developing countries, and the early results achieved over the past few hours pleases New Zealand. We support them as they represent the beginning of some economic justice for developing countries. I am reminded of speeches two years ago about globality which brings me to the most difficult area - as always - agriculture. We cannot have a successful outcome from the Mid-Term Review if agriculture is side-lined. After forty years of seeing agriculture at the periphery of the multilateral negotiating process, it is now at the centre. This week in Montreal is the time for action and direction.

We are not expecting to solve the problems of forty years of neglect after two years' negotiating. Our aim - like the aim of the Cairns Group countries - is that sufficient political decisions are taken to ensure the success of the overall negotiations.

We are ready to negotiate long-term target outcomes for the Uruguay Round. But if we fail to agree on long-term target outcomes, firm political guidelines to steer the long-term negotiations is the minimum requirement. Such guidelines need to cover two key areas: a set of decisions to lead to deep cuts in subsidies and a set of decisions on the strengthened rules and disciplines to end the chaos of domestic agricultural policy making.

The political difficulties facing the highly subsidizing countries are understood. They will inevitably influence the time required for adjustments and the design of transitional arrangements. But there can be no question of writing new exceptions into the GATT. That would be taking off in the opposite direction from that required. What is required are firm, constructive rules to ensure the direction agreed in the negotiations cannot be deviated from without severe penalty.

The Cairns Group also wants to see decisions taken this week to initiate the process of reform. We are calling for a genuine freeze - one that affects the most trade-distorting policies causing the greatest damage.

And as a down-payment we want a collective decision to cut support. What a signal that would send to the sceptics that the Uruguay Round is in business.

Mr. Chairman, agriculture is our prime concern. But the services sector contributes nearly 70 per cent of our GDP and employs over two thirds of New Zealand's population. Similarly high percentages apply in a number of other countries.

And there are new service industries being developed all the time. One of them is centred in Geneva. That's the industry of services negotiators. A small, but growing group of people who may see themselves occupied in their chosen field for some time to come.

There are only two years left for the Uruguay Round. At the end of 1990 we will not have free trade in services - after forty years of the GATT we do not have it yet in goods. But we do need to have in place a framework, a régime for progressive liberalization, that will show we have not failed the commitment undertaken at Punta del Este.

Services is again an area where political decisions are required from us this week. We know it will not be easy. Trade in intellectual property is in the same boat.

But I return to the question as to what a "successful" outcome from the Mid-Term Review really means. At this point, if we simply recycle communique language it will be a failure of political will, not a success.

The Uruguay Round will go on - of course. But the sense of commitment to multilateral solutions will be lost. The problems that beset the GATT and the multilateral system will return with a depressing sense of familiarity. Not one of us can afford that outcome.