

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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HONG KONG

Statement by Mr. N.W.H. Macleod
Secretary for Trade and Industry

Two years ago in Punta del Este we ambitiously determined to reverse protectionism, to remove distortions to trade, to preserve the basic principles and further the objectives of the GATT and to develop a more open, viable and durable multilateral trading system.

Unfortunately protectionism continues. The Surveillance Body report rightly highlights the usefulness of its "early warning" discussions in discouraging new protectionist measures, but the report offers little comfort on rollback so far.

Fortunately, the basic principles of the GATT remain in place. Hong Kong places high priority in ensuring that this continues to be so. In negotiations aimed at strengthening the GATT through improvements to dispute settlement procedures and a comprehensive safeguard agreement, it is vital not to allow expediency to prevail over principle. Our resolve to keep trade policy and trade actions consistent with these basic principles must be reinforced, not weakened.

The word "political" has been ingeniously used in connection with the standstill and rollback commitment, and indeed more generally. I cannot accept the logic of those who argue that commitments can be discarded conveniently as not binding merely by describing them as "political". On the contrary, what is needed is a demonstration of the political will to defend and develop the liberal multilateral trade régime.

Efforts in areas where trade in goods is far from free, including agriculture, tropical products, natural resource-based products and clothing are all important. I must record my disappointment that progress in textiles and clothing is so slow. However, outside the Uruguay Round, one very encouraging event has occurred, and I must congratulate Sweden on setting an outstanding example and courageously deciding to liberalize this sector completely at the end of the current MFA in 1991.

The commitment to standstill and rollback must apply to textiles and clothing as to other sectors. It must be given explicit form, in order that the process of reintegration can be negotiated under conditions of stability, free of the threat of a further deterioration in this sector, which if it happened would threaten gravely the whole process we are engaged in. Let us affirm the application of standstill and rollback to textiles here in Montreal.

Let us also try to make real progress in the new areas of intellectual property rights and services; difficult as these areas may be, we see an opportunity - and a need - for a breakthrough whilst we are here in Montreal.

I would now like to look ahead beyond Montreal to two subjects which in our view should be given high priority in the balance of the Round, subjects which will be the concern of the Non-Tariff Measures Negotiating Group and the MTN Agreements and Arrangements Negotiating Group: the questions of rules of origin and anti-dumping.

Determination of the origin of a product in an increasingly global economy is a complex problem, but it is made more difficult than it need be by total lack of any internationally accepted standards or procedures. Indeed some countries maintain a plurality of rules of origin, with different rules for different purposes, changeable unilaterally. The confusion for exporters - and importers - is manifestly undesirable and the abuse for protectionist purposes contrary to the spirit of the GATT. I urge all delegations to give serious consideration to this problem.

The second subject is anti-dumping. Hong Kong has on several occasions during the past year referred to infringements of the Anti-Dumping Code. We are increasingly concerned at the way in which the domestic legislation of some has gone beyond what is agreed in the Code. We are concerned at the manner in which this legislation is applied. The situation is becoming manifestly unfair and in some cases absurd. We must prevent the legitimate aim of combating dumping being abused for protectionist purposes.

Let me give one example. One contracting party has given itself the right to impose anti-dumping duties not only on those companies named in an investigation, and hence at least in a position to argue their case, but also to all other producers of the product in that same country, and even to companies which did not exist at that time - to new entrants entering into business after the dumping duties have been set.

No examination is required. No determination of dumping or of injury is needed. It is sufficient that a company has tried to enter the market for a product in which others have been found guilty of dumping. Many other examples could be given.

Finally, turning back to this mid-term review, it is worth reminding ourselves that we are still only at the half-way stage of these difficult negotiations. It is important to seek agreement where the issues are ripe and not to get too discouraged over areas where inevitably there is still much work to be done. By continuing ministerial interest, we must ensure the success of the Uruguay Round. Despite the continuing protectionist measures to which I referred earlier, I believe that we are as a group determined to do so, that we will succeed in reinvigorating the GATT system, and that by our actions here we shall send a clear message that this is so.