

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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BELGIUM

Statement by Mr. Robert Urbain,  
Minister for Foreign Trade

1986 was the year of all the dangers: the world economy, in full transformation, was in a state of crisis, third-world debt was on the rise with no hope of a solution, even the GATT itself was brought back into question.

And then Punta del Este proved that pessimism was no longer appropriate; the decision was made there to halt and reverse protectionism and thus give a new impetus to trade multilateralism.

It was recognized that progress in trade matters must be accompanied by similar progress in financial and monetary matters; and work began on constructing the most ambitious world-trade charter since GATT's founding forty-one years ago.

Drawing on past lessons, from the seven preceding Rounds and the evolution of the international economy, some 105 countries, meeting at ministerial level, decided to renew GATT, and indicated their readiness to consider agriculture as well as services, textiles, investment and intellectual property.

It was a kind of wager, a bet on the future, but that was the price to be paid if the goal was to save free trade and safeguard the credibility of the 105 participants.

Two years have passed, years of serious work, that of preparation in 1987 and of starting negotiations in 1988.

Two difficult years of hope and sometimes discouragement, but still two years of efforts which we are here to review.

During these two years, international co-operation in matters of macro-economic policy has contributed to a more-favourable global environment. World trade has played a large part in this, in 1987 and in 1988 expanding at a rate that recalled the 1960s. The resurgence of economic activity was particularly pronounced in Europe while only as far

back as 1986, the diagnosis of Europe had still generally been negative. While we were then said to be suffering from sclerosis, today, economists and world experts realize that 1988 will have higher growth than that predicted, or to use a vine-growing term, will be an exceptional year; up from the 2 to 2.5 per cent predicted initially to no doubt almost 3.5 per cent.

Europe has not missed taking part in the international financial and monetary adjustment, an adjustment which, in principle, was likely to penalize its exporters: in 1987, the value of the United States dollar in relation to the ECU dropped by 18 per cent, corresponding to the average decrease recorded over the three past years. Despite this negative exogenous parameter, in Europe, we are happily witnessing a new internal vigour that is a new incentive to growth and has brought as a first result a considerable rise in investment sustained by growing internal demand.

Belgium is participating in this favourable trend, despite its own public finance restructuring programme, begun in 1984 which took the form of a 2 per cent levy, strengthened, since 1986, by better management of public expenditure.

These two programmes have produced a net transfer from households to the public sector of BF 400 billion, equivalent to 9 per cent of GDP in 1984. These restructuring efforts had been preceded by anti-inflation measures, such as an uncoupling of wage indexing. These measures were accompanied by an active policy to mitigate their effects on the labour market, by developing new job-sharing systems and encouraging more flexibility in labour legislation. This reorganization of our public finances is still a priority of the Belgian Government; we have also now introduced tax-relief measures. Despite the magnitude of this programme which successfully reduced the total budget deficit to 7 per cent of GDP in 1987 (some people had expected it to exceed 12 per cent), its cost in terms of economic activity was relatively moderate: the reduction in wages lowered production costs, and led to better export prices, essential for improving the terms of trade. At the same time, domestic demand which had at first slowed down, continued to grow in 1987, thus reducing savings. The improved current balance in its turn, led to restored investor-confidence, and private investment is very dynamic. However, this favourable picture in Europe does not make us blind nor insensitive to more disturbing aspects of the international economy. Despite recent improvements, major imbalances still remain, imbalances which are hazardous to the harmonious development of trade. Although the rise in protectionism we faced at the beginning of the Uruguay Round has been checked, it has not totally disappeared, and has unfortunately led to potentially dangerous legislation in some countries.

In regard to protectionism, the report of the GATT Surveillance Body is very instructive. It records twenty-three notifications against standstill and nineteen requests for rollback. Belgium is still strongly

attached to the strictest observance of the commitments entered into at Punta del Este in this respect. We contributed to the Community rollback offers and we hope that our partners, especially the most powerful among them, will not let themselves be induced to take measures counter to these commitments. Growth of international trade and therefore greater liberalization are at stake. We congratulate countries that have taken unilateral measures to reduce customs duties and have made their import systems more flexible. We believe that countries that have succeeded in their economic take-off have an important rôle to play in the burden-sharing of global readjustment and restructuring. And we note with satisfaction that, in most cases, their import sector is as dynamic as their export one. To guarantee greater access to markets, according to each country's degree of development, remains one of our concerns during these negotiations.

At Geneva, the fifteen Negotiating Groups have made real and sometimes substantial progress, some agreements have been reached but differences remain; this is quite normal, having regard to the task to be accomplished.

I am optimistic, nevertheless, not only as regards the outcome of our work, but also over the results which my country, like its partners in the European Economic Community, is seeking for 1990.

At Punta del Este, we agreed that negotiations in the area of tropical products should receive special and priority attention. The relations that the Community and Belgium have established with the ACP countries within the framework of the Lomé Convention show our commitment to liberalization of trade in tropical products. A very favourable trade régime has been established in this context, together with the well-known Sysmin and Stabex mechanisms, the advantages of the latter system having been extended to all the countries termed least-developed. The Community was the first to make a substantial liberalization offer on tropical products, in 1987, and has just supplemented it at this meeting.

Belgium, a country which is open to the world, has taken into account the legitimate interests of the developing countries; it is concerned over the unenviable situation of the least-developed countries, and is ready to make further efforts in their regard; it hopes that, in the future, every country will encourage the development of the least-favoured ones to the extent compatible with its own stage of development.

With regard to textiles and clothing, we do not exclude liberalization, but it should not create new disruptions that would aggravate the situation of a sector whose restructuring has cost us thousands of jobs. The gradual integration of this sector into GATT implies, in parallel, strengthened rules and disciplines which should, in particular, allow the possibility of introducing safeguard clauses, the adaptation of the provisions concerning dumping and subsidies, the

international protection of designs and models, and the effective opening of third-country markets to our textile products.

Agriculture constitutes an important sector in the negotiations; the Community, like all its GATT partners, has a special interest in finding a solution to the agricultural problem and carrying the work forward at the present Montreal meeting. It is clear that any solution must be balanced and must be supportable for farmers in the EEC.

Already in 1984, the EEC began the reform of their CAP. By its action, it has thus contributed to restoring balance in various sectors of agricultural products and particularly in that of milk and milk products. Such efforts should be stepped up in the present negotiations. It is time for our trade partners to make similar efforts and contribute to reorganizing and restoring balance to the agricultural economies of the world. It is clear to the Belgian delegation that the Uruguay Round must not affect the fundamental principles of the CAP and must continue to take into account the special characteristics of agriculture in general and the special socio-economic characteristics of European agriculture in particular.

For the first time, a Round of GATT negotiations has as an objective the establishment of multilateral rules for trade in services. Belgium, in the framework of the Belgium-Luxembourg Economic Union, is the most open services market in the world. We therefore feel strongly that our partners should make efforts similar to ours with the aim of achieving true liberalization in this area, whose increasing economic importance in terms of production, trade and employment is now recognized.

The trade-related aspects of intellectual property rights constitute another sector in which we are trying to elaborate new disciplines. Without underestimating the difficulties that we shall have to overcome, we are convinced that balanced solutions can be found. In this regard, it is not a matter of consolidating the technological progress of some to the detriment of others. On the contrary, we are convinced that better protection of intellectual property rights will facilitate access to knowledge and technology transfers.

The European Economic Community and its member States have set themselves the target of achieving in 1992 a vast single market in which persons, goods, services and capital will move freely. The attainment of this tremendous market of 320 million consumers will have a beneficial effect on the growth of the world economy and will contribute to the development of trade. As the leading trading power in the world, the Community has a vital interest in the strengthening of the most open multilateral system possible; in other words, for us, success in 1990 is essential.

The geographical situation of Belgium in the heart of Europe and its history have made it the most open market in the world, whether for trade in goods or in services.

The Belgium-Luxembourg Economic Union of 1921 and the Benelux Economic Union of 1948 have shown us the beneficial effects of free trade, the opening of frontiers, the harmonization of standards, and multilateralism.

It is in the light of all this that I should like to say once again that we are determined to pursue the task elaborated at Punta del Este, in the spirit of Punta del Este, fully aware of the difficulties that still lie ahead but confident that our work will reach the successful outcome on which our future prosperity obviously depends.