

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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SWEDEN

Statement by Ms. Anita Gradin,  
Minister for Foreign Trade

We have come to Brussels to adopt the results of the Uruguay Round negotiations. But there is not very much on the table for us to adopt and sign. Not yet.

I am disappointed to see that after more than four years of negotiations in Geneva there are so many issues outstanding.

My Government knew already in Punta del Este that we would have to liberalize in politically sensitive areas in order to honour the pledges we made. Sweden protected textiles and agriculture for many years. Preparing for the inevitable we have used the time since Punta del Este to present proposals to Parliament. We have explained to domestic lobbying groups that there will have to be changes. I now have a mandate to sign agreements on liberalization of trade in textiles and agriculture - if there were any.

This Round is a complex undertaking but the basic issue is simple.

What kind of multilateral discipline can governments accept?

Multilateral trade rules restrict the freedom of governments to increase tariff resources; to take safeguard action to protect ailing industries; to slap anti-dumping duties on imports to save weak cartels from competition; or to subsidize exports.

Sometimes these multilateral rules in fact prevent governments from doing things they want to be prevented from doing. But on the whole governments try to avoid being subjected to multilaterally imposed disciplines.

This is the basic problem we have faced in this Round. Too many participants are reluctant to accept strengthened rules and disciplines - perhaps not even the existing ones.

But to look at multilateral rules in terms of one's own obligations is a false perspective. The fundamental advantage of clear and strict disciplines is the obligations they impose on one's trading partners. In exchange for my accepting the rules of the game I get predictable market access in the rest of the world. I bind my tariffs and my export industries can rely on bound tariffs in their markets throughout the world. I restrict my access to safeguard action or anti-dumping duties - again my industries get predictable market access.

Without multilateral rules my Government may be forced to waste resources on subsidies because of domestic political pressures. With an international subsidies discipline I can resist; reduce budget expenditure; allocate my resources better and compete with others on a level playing field.

This is the basic beauty of GATT. My own adherence to the rules is beneficial from an economic point of view. Politically it is a small price I pay for my trading rights throughout the world. And all these rights flow from the obligations imposed on my trading partners.

And the political reality is that I can only adhere to the rules if I know that others will be forced to do the same.

For smaller trading nations the trade-off should be clear and simple - the stricter the rules the better. If my share of world trade is 1 or 2 per cent, I trade increased discipline for this small share in exchange for obligations imposed on the other 98 or 99 per cent.

The fact that the negotiations in the area of rules in this Round are now on the verge of a near certain failure shows a serious lack of foresightedness on our part.

We have dealt in a narrow manner with today's problems, sometimes caused by circumstances of the past. Our discussions of anti-dumping have been shaped by perceived abuses of a few trading partners without consideration of potential widespread use of these practices by a large number of countries in the future.

Our task was to put in place the multilateral disciplines for the next century. I am afraid we will fail to do so.

We all know the consequences.

If we do not establish these disciplines we will see an increasing resort to unilateral application of national trade legislation.

Instead of rules that will persuade us all to good behaviour we will have the law of the jungle and acrimonious disputes.

Weak multilateral disciplines will make access to foreign markets less predictable - holding back investments and growth.

Weak multilateral disciplines force governments - unable to withstand domestic political pressure - to continue to misallocate resources at the expense of the consumers.

In short, we have two basic choices. Either we conclude the Round as intended. We establish the multilateral trading system for the next century and put the world economy on a trajectory of growth and expansion. Given the economic and political situation, that would be a major contribution to a stable global environment for welfare and prosperity. A failure on our part carries grave risks for slow growth, increased unemployment and financial turmoil.

Looking towards the future we need more than strong GATT rules. We must also consider the trade implications of environmental policies.

We all know that such policies may have trade effects and that trade measures may be used for environmental reasons.

We also know that we may expect a strong increase of environmental rules and regulations. And a great deal of work going on at the international level may have implications for trade. I am thinking especially of the important UN Conference in Brazil in 1992.

And yet there is no real discussion of these problems in the GATT. This situation cannot continue any longer. If we want to avoid a growing number of trade disputes over environmental issues, we need to start thinking about clearer rules in this area too.

This is why the EFTA countries are proposing that we adopt at this meeting a statement on trade and environment. We would like contracting parties to reconvene the GATT Working Party on Environment and Trade with a mandate to start looking ahead. Perhaps a first step could be to consider contributions to the 1992 UN Conference. I hope you will give this proposal your serious attention, despite the many other pressing issues facing us here.

I am particularly disappointed with the results obtained so far in the area of services. A paper with that many brackets and options is impossible to deal with at a Ministerial meeting. We need to solve the underlying political issues that seem to have led our negotiators astray.

MFN cannot be applied to trade in services in a purely theoretical manner. MFN must be a cornerstone in the Services Agreement just as it is in the GATT. But, to put that cornerstone in place we need to elaborate transitional procedures for those sectors where liberalization up till now has been based on reciprocity and codified in bilateral agreements. Standstill, rollback, targets and time-plans are instruments we use to bring textiles and agriculture back under GATT disciplines. We should use a similar approach for trade in services. We must get out of the impasse that we find ourselves in.

Think for a moment what GATT is today and what it could be tomorrow if we succeed. There is simply no alternative to success.