

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee
Meeting at Ministerial Level
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PAKISTAN

Statement by Mr. Malik Muhammad Khan,
Minister for Commerce

1. We are happy to be in Brussels, the capital of friendly Belgium, at the concluding session of the Uruguay Round of Trade Negotiations. I wish to express our gratitude to the Government of Belgium for the warm hospitality extended to us at this Conference. I would also take this opportunity to place on record our appreciation of the hard work put in by the GATT secretariat in making adequate preparation for the meeting.
2. The economic and political scene in the world today is undergoing rapid change. The Cold War has ended. Germany is reunited. The wall between East and West has come down and there is almost universal support to the idea of free trade among nations. These are propitious developments. Yet, there are dark clouds on the horizon. The political crisis in the Gulf has also created a grave economic situation for the developing countries.
3. Four years ago in Uruguay we started with an earnest hope that today we would also see the culmination of our efforts and fulfilment of our aspirations for a liberalized trading system in the world. During the last four years our hectic efforts have unfortunately not carried us very far. We must therefore make every possible effort to salvage the situation and achieve agreements on the critical areas under negotiation. It is all the more important now not only to preserve but to reinforce the multilateral trading system. This may make the difference between growing prosperity and a serious reversal for the world economy, in particular for the economies of the developing countries.
4. Pakistan is a founding member of GATT and we have an ideological commitment to the multilateral trading system. However, our expectations from the open trading system remained unfulfilled because agriculture was virtually excluded from GATT at the outset, and, soon after, even "textiles" was removed from the purview of the principles of non-discrimination and open trade.
5. We have borne the burden of these restraints ever since. The Uruguay Round is our hope. We expect this Round not only to rectify this historic inequity but also to recompense the developing countries for the lost trading opportunities and the resulting damage to their economies.

6. Despite four years of intensive negotiations, we are far from agreements on these very critical areas under negotiation in the Round. Indeed, our meeting is taking place against the backdrop of intensive friction generated on agriculture. This friction casts a shadow over the entire Round. Pakistan is an agricultural economy and supports the liberalization of agricultural trade. In fact, our agriculture suffered under the burden of depressed prices due to competitive subsidization among the developed countries. We hope that the major trading powers will live up to their responsibilities to the multilateral trading system and ensure that the impasse on agriculture does not lead to a collapse of the Uruguay Round.

7. The heat generated by the controversy on agriculture should not shift attention from a basic objective of the Uruguay Round, which is to ensure that the liberalization of World Trade benefits the less developed countries in particular.

8. Textiles is the most important sector for the exports of the developing countries. Without substantive results in textiles we cannot conceive of a successful conclusion of the Round.

9. Negotiations on textiles have been unnecessarily protracted. The emphasis up till now has been on form rather than substance. We have accepted a text as a basis for negotiations. However, fundamental problems remain to be resolved. We are concerned at attempts to enlarge the coverage of products to include even items which have never been restrained under the multifibre arrangements. Let me emphasize that unless a large number of such products are excluded for the transitional agreement, the proposed integration of this sector into GATT would amount to merely an elusion of liberalization. We will not accept an agreement built on such illusion. In addition, if the integration process is to be viable, the degree and extent of liberalization, and the coverage of products must be sufficiently large in the initial stages. Likewise, the duration of the transition period must be short enough to reflect the commitment of the participants to free trade in textiles and clothing.

10. Another important issue is the agreement on general safeguards under the GATT. While an agreement on this issue is central to the acceptance of an overall package, there is no consensus yet on the fundamental principle of MFN as the only mode for the invocation of safeguard measures. Pakistan attaches primary importance to this principle. We firmly believe that MFN ought to be the firm basis for a safeguard mechanism. Continued insistence on selectivity would only affect progress in other sectors.

11. The exports of most developing countries depend on a few product sectors. In the area of subsidies and countervailing measures we, therefore, have strong reservations on the concept that a developing country should be "graduated" if it reaches an arbitrary threshold of market share for a product sector. To deny them the advantage of their

competitiveness would amount to freezing their export possibilities in precisely those sectors which should be the engine for their economic development. In any case, it will be impossible to manage an incentives system in a régime where shares of the market keep fluctuating.

12. The balance of payments of developing countries and their terms of trade have continued to deteriorate. The Gulf crisis has further exacerbated these balance-of-payment difficulties of a large number of developing countries, including Pakistan. This situation demands maintenance of continued flexibility now provided under Article 18 of GATT, and the procedures established in terms of the 1979 Declaration on balance-of-payment measures.

13. We had agreed to the elaboration of an equitable agreement for trade in services. We must express consternation at the sudden change, a few weeks ago, in the position of some countries in the services negotiations. Pakistan cannot endorse the conditional or partial application of the MFN principle in services. We firmly believe that the agreement on services should be comprehensive, and should cover labour mobility as well as all other sectors.

14. Pakistan, like many other developing countries, has entertained serious doubts about the incorporation of some of the "new areas" in the Uruguay Round. The outright prohibition of certain investment policies is entirely unrealistic. Developing countries must retain sufficient flexibility to adopt policy instruments to support their investment and development objectives.

15. With regard to patents, copyrights and other intellectual property rights, it must be ensured that any norms and standards fully take into account the development objectives of the developing countries. Pakistan shares the view that the agreements on services as well as intellectual property should enjoy a different status from those in the traditional areas of GATT competence. The implementation of the results of the Uruguay Round must take into account the differences inherent in the nature of the respective negotiating areas.

16. We believe that our primary task in Brussels is to complete our negotiations. We could not entertain an outcome which excludes agreements in areas of primary interest to developing countries, such as textiles and agriculture. We hope that the ambitious objectives for this Round will be sustained.

17. We must defy the Cassandras who are predicting the failure of this Round. Given the requisite goodwill and flexibility, we can achieve agreements in all critical areas. Pakistan will play an active and constructive rôle to ensure the success of this momentous meeting and I am confident that under your wise and able Presidency, we will reach a positive outcome.