

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee

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THE CZECH AND SLOVAK FEDERAL REPUBLIC

Statement by H.E. Mr. Vladimír Dlouhý,
Minister of Economy

Czechoslovakia, like many countries, has joined the Uruguay Round from a deep conviction of international co-operation and a firm belief that a strong trading system is essential to world sustained economic growth and the expansion of world trade. I am glad of this opportunity to reaffirm Czechoslovakia's commitment to an open free multilateral trading system and further trade liberalization.

The unexpected political and economic events of this year have abruptly and adversely altered the outlook for the world economy. Now the need for a successful outcome to the trade negotiations is even more vital in view of the threat of recession and rising inflation. A successful Uruguay Round could increase world output and trade considerably. On the contrary, the long term consequences of a possible failure in the Round could deepen economic tensions, split the world into competing trading blocs and ultimately retard world economic growth. Failure would place the future of the open multilateral trading system in jeopardy and pose a great threat to investment and employment.

In the light of these prospects there is no other alternative than to make all efforts to conclude the Uruguay Round successfully and ensure that priorities and interests of all participants are reconciled and taken into account.

At this final stage of the Uruguay Round we are faced with the challenge of providing impetus to the finalization of the negotiations. The groundwork for the meaningful outcome has been done, although disturbingly important issues remain to be settled.

We strongly feel that this Ministerial meeting should build up the final package of the negotiations and define with a reasonable degree of flexibility in their specific areas the necessary adjustments to ensure the achievement of the balanced outcome.

It is essential that an overall balance in the final package is achieved in all three major negotiating areas, namely market access, rules and new issues. It is against this background that I want briefly to touch some issues which are of significance to my country.

1. In the field of tariffs and non-tariff measures balanced liberalization should be achieved for all participants. Czechoslovakia has submitted its offer for tariff cuts in accordance with agreed principles. However, as some participants did not present adequate proposals we may have to reconsider our initial offer, if necessary.
2. In agriculture we are in favour of an agreement reflecting interests of all participants. In our view it would be unwise to make the results of the whole Uruguay Round dependent only on the issue of agriculture.
3. Liberalization of textiles should be parallel with strengthening of GATT rules and disciplines.
4. In the field of rule-making, important results have been achieved during the negotiations. We expect that the remaining contentious issues will be resolved, particularly with regard to safeguards and anti-dumping, which are closely related to market access.
5. In the area of trade related aspects of intellectual property rights we attach importance, among other issues, to the moral right under copyright and terms of protection for patents.

As concerns the case of TRIMs, it is our belief that in the long run a high degree of general liberalization must be achieved. However, it should be understood that in the agreement on TRIMs a certain need for transitional arrangements for countries which are in transition to market economies must be allowed for.

An agreement on trade in services has to become a part of this Round and it should cover all service sectors. At the same time it should have as its cornerstone the principle of most-favoured-nation treatment. Derogations to this principle might be needed for certain sectors and certain specific cases but they should be exceptional and transitional.

Czechoslovakia has embarked upon an ambitious programme of fundamental economic reform and transition to market economy. This reform involves systemic change that will result in establishment of competitive market, demonopolization, privatization, price liberalization, liberalization of trade and integration in the world economy; in this context we believe that the internal convertibility of the Czechoslovak crown, to be declared on 1 January 1991, is of extreme importance. Introduction of internal convertibility will result in a creation of foreign exchange market in Czechoslovakia and will be the first step to achieve the overall convertibility of our national currency in harmony with the Bretton-Woods Agreements.

The policy and institutional changes to achieve the restructuring of the economy present an extraordinary challenge to both the Government and the population. Some of the changes have already been introduced while

others are under preparation. Planning and foreign trade monopoly have been abolished. Unified exchange rate and free pricing will form a basis of a largely undistorted link between the domestic economy and the global economy operating with convertible currencies.

As the favourable external and trading environment is an important factor for the successful implementation of the economic reform and transition of Czechoslovakia to the market economy my country is seeking genuine progress in the Multilateral Trade Negotiations.

Czechoslovakia depends on the GATT system to maintain its access to export markets. Without an international consensus on free trade, foreign markets may increasingly be closed to us retarding thus our economic reform. Czechoslovakia stands therefore firmly behind the open multilateral trading system. As the smaller participant of the system it is clearly in its interest to see it strengthened and expanded. This has become all the more important in the light of our transition to market economy and the recent structural transformations of the world economy and the ineluctable trend towards the globalization of economic relations.

We fully grasp the historic dimensions of the opportunities which now stand before our country and the world for the realization of greater prosperity and peace. This is clearly reflected in the important policy shifts in my country towards democracy, in the nature of the economic reform, in the general liberalization, in the opening of the economy with the aim to allow for the full adjustment to the world development. It must be stated, however, that adverse development in the external conditions, represented by the consequences of the Gulf crisis, by the dismantling of the CMEA market, especially the market of the Soviet Union and the former GDR, and by the short-run irregularities in the Soviet oil deliveries, together with the expected deep fall in terms-of-trade of the Czechoslovak economy vis-à-vis the Soviet Union make the reform efforts much more difficult. Nevertheless, we do not intend - being genuinely supported by the developed world - to detour from our firm and fast market oriented strategy.

Czechoslovakia is on its own initiative moving to liberalize trade and open its markets. Abolition of foreign trade monopoly and central planning, limitation of agricultural subsidies and other measures already undertaken can be, inter alia, qualified as our advanced contribution to the Multilateral Trade Negotiations.

Integration of economies in transition like that of my country will not be a simple and easy process. It is necessary to allow a certain degree of flexibility to accommodate the needs of these countries so that they can adjust upwards and not downwards in the stream of integration.

At the same time the extension of new multilateral disciplines into sensitive areas of the economies in transition such as services and investment should take into account their imbalances and acute difficulties and should, therefore, be applied with the necessary degree of flexibility.

Czechoslovakia is fully committed to contribute to the successful outcome of the Uruguay Round. We are living an important period in the world trade history and we cannot afford to fail in our endeavours. My country, recently liberated from the totalitarian régime, is fully prepared to make genuine efforts at this crucial stage of our negotiations.