

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Trade Negotiations Committee

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NETHERLANDS

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Two main trends will be dominant in the next decade and the early years of the next century:

- First: an increasing number of nations will participate in the world trading system on the basis of more market oriented economic policies. The developing countries for example, are faced with the formidable task of handling the debt problem. The Central and East European countries are challenged to restructure their economic system. In both cases increased opportunities offered by world trade will prove to be vital for their success.
- Secondly: the expanding dimensions of world trade:
  - . globalization of our business sector will continue, implying increasing flows of trade;
  - . new forms of trade will emerge, such as trade through international investment; and
  - . the rapid increase in trade in services we experience today will be there throughout the next decade.

How does GATT fit in these two trends? When GATT started forty-three years ago, it was an innovative and courageous endeavour to discipline and to facilitate world trade by imposing a set of rules and tearing down tariff walls, on a multilateral basis. It was a daring and forward looking exercise that has greatly contributed to world economic growth. GATT is a treasure we should all preserve. We should not allow GATT lagging behind the trends in world trade instead of being ahead of them. We should allow it to play the effective rôle it has played in the era of post war economic growth. We have to prepare it for the future challenges; we have to secure a guiding rôle for GATT in the coming decades.

That is why the Uruguay Round will have its place in history as the key round where the world community of nations had a chance to lead the world trading system into the next century. On us the heavy burden to have the outcome of the Uruguay Round described as a major step forward in the improvement of international economic relations, instead of a major missed opportunity to contribute to world welfare.

Some of you might think that there is no urgency in adapting GATT to the emerging trends in world trade. This approach will undoubtedly lead to a minimal outcome of this Round; that would be dead wrong. We need all the limited time available to get the job done! Improving market access, bringing agriculture and textiles under GATT rules and disciplines, improving the GATT system and making progress in the new areas: all these subjects will have to be dealt with now. Therefore it is needed that we overcome our differences on these issues; thus we are bound to show the political courage not to accept failure. We are here to negotiate, we are not here just to defend our positions.

In spite of the fine language of the Punta del Este Declaration, the brave confirmations at our Mid-Term Review, the support pledged in Houston earlier this year and four years of endless meetings of devoted experts in Geneva, we are still faced with an impasse on the major topics of our agenda.

More specifically, our attention will concentrate on services and agriculture. In agriculture competition on the world market should be based on comparative advantages and not on the capability of the agricultural sector to draw on public funds. Markets should be truly accessible, which is not exactly the same as lowering prohibitively high tariffs into somewhat lower but still prohibitively high tariffs. We should strive for a more open and more competitive world market for agricultural products and here in Brussels we should make more steps on the road to reach this goal than just a first one.

Allow me a short comment on services. One of the major factors behind the success of GATT is its multilateral nature. In services we try to copy the success of GATT. But, I do not see how we can achieve this without an unconditional MFN clause. A multilateral agreement on services without MFN is like a tiger without teeth.

We need a breakthrough in these two areas to secure a successful outcome of these negotiations. We need progress now, since the new topics that will affect international trade are already there. One of these topics undoubtedly is the environmental issue. International trade is not necessarily a threat to the environment. Effective allocation of production, based on a sound (world) price mechanism, can contribute to sustainable growth. Nor are environmental measures necessarily a threat to international trade. However, environmental policy measures do have their impact on international trade. All the more reason that GATT should devote a substantial part of its future efforts to the interlinkage between environmental measures and international trade. We need to engage ourselves in this discussion to establish common ground for effective

environmental policies in relation to the rules of the international trading system. Protectionism in the disguise of noble environmental arguments cannot be allowed to raise its head. The Netherlands, therefore, highly sympathize with the Swedish proposal to revive the GATT Committee on Trade and Environment. We also welcome the near-agreement on domestically prohibited goods and other hazardous substances and urge all countries to endorse this agreement on next week's session of the contracting parties.

Reading the press reports on our meeting it seems that the major interests are on the side of the industrialized world and that they are the principal discussants. However, nothing could be less true. In almost all subjects major interests of developing countries are at stake. For them a successful outcome creates the necessary conditions to adjust their economies and to fight poverty. I call upon you to keep this in mind during our work these days.