This Thirty-Second Session of the Contracting Parties to the GATT is meeting against a background of apparent improvement in the serious and difficult economic situation of the last several years. I use the qualification "apparent" advisedly, because while it is indeed true that the world's key economies may be experiencing improvement in economic growth and well-being, there are still many countries which are suffering from the effects of recession and for whom the upturn is still to come. Many countries also continue to be plagued by a serious problem of imbalance in their external accounts accompanied by sharp pressures on their exchange rates. The smaller and weaker economies are in particular dependent on an improvement in world trading conditions for the success of their own efforts to stimulate economic recovery and growth.

While the period of recession accompanied often by high rates of inflation has had serious effects on practically every country represented here it has, I believe, had the good result of producing a greater awareness of the degree of interdependence that exists in the international economic order, and the far-reaching effects of individual decisions relating to economic and trading policies. Because of this growing degree of interdependence I believe that the GATT will have a role of ever-increasing importance in monitoring, regulating and encouraging the continuing evolution of international trade.

It is a natural consequence of such a role that the extent to which there is respect for the benefits that we enjoy as Contracting Parties and for the obligations that we subscribe to in accepting the disciplines of the General Agreement will become increasingly critical to the success of the GATT. I do not
think that it is an exaggeration to say that the economic recession of the last few years is the worst economic crisis since the inception of the GATT. While we can say that the GATT has proved its value in weathering the situation, and in helping to ensure that trade restrictive measures are the exception rather than the norm, we could well ask ourselves if, through the General Agreement, we can try harder to ensure that the economic conditions of the recent past are not repeated. Can multilateral co-operation in an international trading framework help to deal with the conditions which give rise to economic instability rather than simply providing a check to the excesses of trade protection? I believe that the answer to this question lies in the extent to which countries are prepared to recognize their responsibilities within a framework of commitments which has grown to encompass a large proportion of international economic exchanges, and to recognize the increasing extent to which economic policies of any one country may affect the prosperity and actions of others.

The next decade will, I am sure, be a key period in the evolution of the GATT and of other bodies which are now engaging in fundamental reassessments of what constitutes the international economic system and how best to deal with the problems which arise in the operation and evolution of this system. There will be a need for realignment in the framework of rules governing trading contracts between nations to reflect current realities and the evolving situation.

However, while reassessment and realignment may be desirable, it will be necessary not to lose sight of, or to ignore, the basic functions of the GATT, and its basic objectives. The original signatories to the General Agreement recognized that trade and economic relations should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, expanding the production and exchange of goods, and developing the full use of the resources of the world. It was agreed that the attainment of these objectives could be encouraged by the reduction of barriers to trade and by the elimination of discriminatory treatment in trade.

I think we would all agree that these objectives and the manner of their realization have not changed in the ensuing generation. The continued reduction or removal of barriers to trade remains a constant concern of the GATT, whether in its day to day consideration of individual measures or in its periodic rounds of multilateral trade negotiations.

I believe that we can look back over the last year with some satisfaction. I say this because it seems to me that while the prevailing economic conditions may have brought protective pressures to the fore in most economies, the Contracting Parties have been aware of the need to avoid adopting policies which
run counter to the common interests of us all in achieving economic expansion through the liberalization of trade. The increased activity in the GATT Council, and the increased surveillance and study of specific trade measures brought before the Contracting Parties for their consideration are an indication of the importance attached to the General Agreement, and to the rights and obligations it involves. This is a healthy sign, which augurs well for the continued importance of the GATT in providing a framework for world trade.

Of course, the GATT is not a perfect instrument, nor do we live in a perfect world. For instance, the Contracting Parties have still to make substantial progress in the GATT in solving problems of trade in agricultural products. Many governments see the need for more on-going and effective efforts in such areas as subsidization and its distorting effects on trade, the handling of trade measures for balance-of-payments purposes taking into account the problems of both the countries taking the measures and those affected by them, the continuing problems of developing countries in securing a substantial increase in their export earnings under appropriate and predictable conditions of access for their exports - to mention only a few of the concerns expressed.

However, it is encouraging to note that GATT can and does react to the continued evolution of trade policy practices. The "framework" Group which the TNC has recently agreed to establish is an important indication of this readiness to change in order to reflect the reality of the international economic order, and indeed, to help effect the further evolution of that reality.

I believe also that the Consultative Group of 18 has now firmly established itself in its rôle as a consultative body. It provides a forum for continuing high-level, informal but nevertheless productive discussions on the way in which the GATT can evolve to reflect the needs of the Contracting Parties. Because it includes a balanced membership, it is particularly useful in providing a vehicle through which guidance and counsel can be given to the Director-General.

Turning now to the Tokyo Round of Multilateral Trade Negotiations, I think we can say that the intensive preparatory work of the year has helped to provide a solid basis for vigorous and productive negotiations in the year ahead.

I must emphasize the need for rapid progress consistent with substantive and equitable results. It is essential that the greater liberalization and expansion of trade called for in the Tokyo Declaration should be achieved with the minimum delay and at a time when it is strongly needed as an impetus to world economic growth.

I have mentioned earlier the need for a realistic and genuine attempt to deal with the problems of trade in agricultural products. It will also be necessary for the particular needs and interests of developing countries to be
adequately reflected in the process of negotiations and in the results of the negotiations, if the credentials of the GATT as a truly international trade forum are to be maintained, and not to be lost by default.

A primary goal must be to reach agreement on a tariff-cutting formula in the near future and to ensure that the negotiations on other barriers to trade make similar progress. I have already noted the importance attached by many governments to measures to control subsidy practices and this is an area which will require determined effort in the year ahead. Similarly, the elaboration of the rules relating to the use of safeguards is an important aspect of the MTN which could have far-reaching effects on the evolution of the international trading framework and must, therefore, receive careful consideration.

In seeking early results for the MTN, all participants should be aware of their responsibilities in assisting the attainment of this objective. However, care should also be taken that the desire for quick results is not in conflict with the desire for substantial and lasting results. Continuing the theme of responsibility, all participants in the negotiations should be aware of the need to maintain the balance of rights and obligations which constitutes the General Agreement. In pursuing the negotiations in the MTN we should be aware that we are establishing the basic framework for the conduct of world trade for the next decade or more. It is not enough to accept the rights and benefits conferred by the GATT and offered in trade negotiations, without in turn accepting the disciplines and mutuality of advantages which are an inherent part of the GATT. It is only by the acceptance of such discipline that a body such as the GATT can continue to be an effective and viable instrument in regulating international trade.

In conclusion, I would say that as your Chairman, I do not wish to limit or direct the scope or extent of your debates or to inhibit the eloquence of your rhetoric. However, I note that the agenda we have before us gives us a large area to cover and would suggest that in this room you exercise restraint, and recognize in the duration of your interventions the balance of rights and obligations, which are such an inherent part of the existence of the GATT.

Thank you. I now declare open the Thirty-Second Session of the Contracting Parties.