THIRTY-FOURTH SESSION OF THE GATT CONTRACTING PARTIES

Opening Statement by the Chairman,
Ambassador Carl de Geer (Sweden)

Geneva, 27 November 1978

In opening a new annual session of the CONTRACTING PARTIES, it is customary for the Chairman to cast his eye back across the previous twelve months. If I do that, perhaps the most striking feature which emerges is how little the general economic and political situation has changed since our thirty-third session. Today, as it was then, it is troubled by monetary turmoil, inflation, low levels of investment, reduced economic growth, widespread unemployment and, in the trade sphere, by continued protectionist pressures.

It is true that some see brighter spots appearing on the horizon: a lower inflation rate here, improved economic performance or some reduction in balance-of-payments imbalances there, or a decline in the level of unemployment somewhere else. Let us hope that they are signs of better times ahead.

It is also true, looking back, to say that in the trade field, things might have been worse. Governments have made determined, and largely successful, efforts to resist domestic protectionist pressures. The existence of the multilateral trade negotiations, and of the GATT itself, has helped to stiffen resistance. As a result, restrictive measures have not proliferated as much as they had threatened to do, and have so far remained limited to relatively few sectors.

Little comfort can, however, be derived from saying that things might have been worse, and it is cold comfort indeed to those who have been hit. In many cases it was the exports of developing countries which were a target for restrictive measures. These countries can least afford to have their living standards curtailed. There is something inconsistent in encouraging them, by technical and financial assistance, to diversify and increase their production, and then to prevent them from selling what they have produced. The development plans and prospects of most developing countries depend on their being able to expand their export earnings. Furthermore, it bears repeating that the developing countries are not only the suppliers, but also the customers - and potentially growing customers - of the industrialized countries.
A number of trade-restrictive measures were discussed in meetings of the GATT Council during the past twelve months. The Council's consideration of these and many other matters is summarized in its Report, which is before you. You will no doubt make full use of the opportunity offered by the present session to discuss the Report, which shows that, at a time when public attention has been focused on the progress of the multilateral trade negotiations, member governments have been steadily continuing their work in GATT itself.

The Report serves as a reminder that we, as Contracting Parties to GATT, have a dual task. We have to examine each specific trade issue brought before us - to consider its factual background, and to establish what are the rights and obligations of the governments concerned under the rules of the General Agreement. But we have also to keep constantly under review, and to try to improve, the state of world trade and international trade policy. The sessions of the Contracting Parties offer an excellent occasion to do so.

It seems to me that during the past year there has been welcome progress towards developing a common diagnosis of the present difficulties of world trade.

One element in these difficulties has certainly been a failure to adjust adequately to changing competitive conditions, both within each national economy and between countries, especially between those at different levels of development. The task of adjustment must be pursued vigorously. It cannot be achieved overnight, but calls for persistent efforts that are bound to require a certain amount of time. The essential is to move in the right direction, and to do so relentlessly. There is no doubt that the task would be made easier by a return to dynamic growth in world trade, and by better control over inflation.

There is also a need to restore confidence in the world trading system. This can be achieved through clearer rules to govern trade, through ensuring that the rules are respected, and through mechanisms which will reduce the risk of difficulties arising and effectively deal with those that do occur.

It is obvious that successful conclusion of the Tokyo Round of multilateral trade negotiations would contribute substantially to putting and keeping international trade on the right track.

This is not the place nor the time to go into the details of these negotiations. They are only too familiar to all of you.

We can note with some satisfaction the work which has been carried out in the course of the last twelve months, and the progress which has been made. By common consent, the negotiations are now in their final stage. A last effort is required to bring them to their conclusion.
Three conditions must be met if, at the conclusion, the negotiations are to be judged a success.

The Tokyo Declaration stresses that the negotiations are to be considered as one undertaking. It follows that success demands that all elements in the negotiations be brought to the finish together.

The second condition is that all parties actively engaged in the negotiations be able to share fully in shaping the final package, and to achieve, after the necessary give and take, a result which, even if it does not fully satisfy them, is at least a reasonable one for each of them.

And the third condition for success is that the commitments that were undertaken by all the participating governments in the Tokyo Declaration on more favourable and special and differential treatment for developing countries be met.

The conclusion of the Tokyo Round will not be a signal to relax. Quite the opposite: it will be the starting signal for intensive and important action.

Concessions made in the negotiations will have to be effectively implemented. The codes agreed upon must be made truly operative. The mechanisms designed to smooth international trade relations must be got to work, and must quickly be seen to work, if confidence in the system is to be restored. To a considerable extent, this task will involve formal action by the Contracting Parties. It may even be that we shall have to call a special Session for this purpose next year.

Completion of the negotiations, and implementation of their results, will absorb most of our energies and attention in the coming months. It is not too early, however, to start thinking about the issues that will confront trade policy in the period after the Tokyo Round. I hope you will seize the opportunity offered by the present session to open debate on this important question of the direction in which our governments should pursue their future joint efforts in GATT.

Let me indicate some areas in which, it seems to me, action by the Contracting Parties will surely be needed in the years ahead.

The first is the traditional GATT area of liberalizing trade. The Tokyo Round, however successful, will not exhaust the possibilities for expanding world markets and stimulating the international exchange of goods. There will be plenty of scope for further opening-up of the markets of the industrialized countries. In some sectors of trade, ground has been lost to protectionist forces in recent years: the objective should be to regain it.
There is a need, moreover, to keep up pressure for liberalization as an effective means of continuing resistance to protectionism. And I would suggest that there is scope for greater liberalization by developing countries, in their own interest. There is also need and opportunity for action relating to the enlargement in coverage and membership of the GATT Protocol on trade among developing countries.

Another aspect of trade policy where responsibility falls squarely upon our governments, as signatories of the General Agreement, is that of improving the framework of rules and procedures that govern world trade. In the Tokyo Round, codes or other agreements aimed at reinforcing or adapting many of these rules are now in the final stages of negotiation. Once in force, the revised body of trade rules will have to be made effective. That task is ours - and I hope I shall not be taken amiss if I suggest that it is particularly the task of the larger countries, since their example is of crucial importance. Rules that are disregarded soon fall into disrepute: rules that are seen to be effectively implemented instil confidence in the reliability and equity of the whole system.

A resolve to continue opening up world markets, and to keep the ground rules of trade up to date and effective, should overcome most of the difficulties that will undoubtedly face trade policy in the coming years. But our governments will also have to cultivate habits of closer, more continuous co-operation and concertation of their trade policies.

A very tentative beginning in such concertation of views has been made with the Consultative Group of Eighteen. I hope that habits of timely consideration of trade policy developments will be formed in all areas of our co-operation in GATT, and especially in the various standing bodies that will be created as a result of the negotiations.

Continued liberalization, resolute application of the rules, and closer concertation of policy among our governments: these would constitute a substantial agenda for GATT in the post-Tokyo Round years. It would be an agenda well worth tackling.

As Contracting Parties to GATT, we bear a heavy responsibility. The hopes of our countries, rich and poor, of economic growth and higher living standards rest to a substantial degree on renewed and dynamic growth in world trade.

Trade policy alone cannot ensure that growth - but it can do a lot. The opportunity is there.

Thank you. I now declare open the Thirty-Fourth Session of the CONTRACTING PARTIES.