We meet in this great and hospitable city to take up many of the most important economic issues that will face the world throughout the 1980's, and probably well beyond. It is a privilege to be able to contribute to these deliberations. I share the expectation of all participants that they will be fruitful.

With the opening of the 1980's less than eight months away, I should like to speak about some of the matters on the Manila agenda that are within GATT's area of competence and on which there is progress to report.

RESULTS OF THE TOKYO ROUND

Major progress can be reported as regards the Tokyo Round of multilateral trade negotiations. The negotiations are not complete, but they are nearly so. A large number of agreements have emerged that represent an important evolution of some of the basic rules of the world trading system, and a notable lowering of tariff and non-tariff barriers to international trade.

I need not, fortunately, test the patience of the conference by attempting a survey of the negotiations. Many delegates have also been Tokyo Round negotiators in Geneva. Moreover, copies have been distributed here of a GATT report which systematically surveys the issues in the negotiations and how they were dealt with. It provides as complete an assessment as, I believe, is at present possible of the results, especially for the developing countries. We have also heard the comprehensive and eloquent statement by the distinguished President of the World Bank, with much of which I find myself in broad agreement, especially in his plea for better trading opportunities for developing countries. I can therefore confine myself to stressing what seem to me, from the vantage point of the actual negotiating forum of GATT, to be the most important results of the Tokyo Round in responding to the trade needs of developing countries. I shall then discuss what further action in response to these needs is most immediately necessary.
Among the results, first place, I believe, belongs to the agreements that update fundamental rules of GATT - the basic framework for the conduct of international trade. And first among these is the so-called "enabling clause", which provides a permanent legal status and a firm basis for preferences in favour of, and among, developing countries. Preferences thus become an integral part of the world trading system. The enabling clause is a landmark in the evolution of international trade relations. It carries a stage further the progressive evolution of GATT in response to the changing economic realities of our times.

I would also stress the agreement on the use by developing countries of special measures of protection for development purposes. This will give developing countries increased flexibility to adapt their import policies to the changing needs of their economic development.

There is also an important agreement on the use of trade measures for balance-of-payments purposes. It gives specific recognition to the special position of developing countries, both as importers, often compelled to rely on balance-of-payments restrictions, and as exporters who are affected by the restrictions applied by others. A further "framework" agreement should help to ensure more effective application of trading rules and principles in the 1980's by equipping GATT with more efficient arrangements for consultation and the rapid settlement of disputes.

In the field of tariffs, the GATT report already mentioned includes a lengthy computer-based analysis of the results so far achieved. It shows already an overall improvement in the tariff treatment of developing countries, taking into account existing benefits from the generalized system of preferences. Moreover, some further improvement in the results can still be expected.

Among the agreements on non-tariff measures, of great importance is the acceptance of the use made by developing countries of subsidies to production and exports. Also important is the acceptance by all countries of the rule that countervailing duties may be used only against subsidized imports that cause material injury.

The agreement on government procurement for the first time opens up to worldwide competition from imports the huge markets offered by the purchases made by governments themselves. The agreement covers purchases amounting to tens of billions of dollars annually.

In the area of customs valuation, a bewildering variety of different national valuation systems will be reduced to just two sets of much fairer rules, which differ only in certain provisions. I hope these differences will be eliminated before long.
All these agreements have their own machinery for securing surveillance, effective implementation and further progress.

These and other agreements on non-tariff measures include provisions for special and differential treatment in favour of developing countries, which aim to take into account their particular needs and possibilities.

(IV) Of the Tokyo Round issues still to be settled, by far the most important is the review of the rules on emergency safeguard action against disruptive imports. As many speakers have already stressed, its outcome will colour the final judgement on the Tokyo Round as a whole. On this difficult question of safeguards, I can only recall that negotiations are continuing. Positions are closer than they were, and I am convinced that all participants are in earnest in their desire to reach a successful conclusion by mid-July.

Taken as a whole, and recognizing the need for further effort, the results achieved in the Tokyo Round represent a substantial liberalization of trade, a strengthening and clarification of the rules of the trading system, and a significant improvement of trading conditions for developing countries. They constitute a constructive and coherent reform of the international trading system which should enable it to respond more effectively to the needs of the 1980's.

The results do not, of course, meet all the expectations of developing countries, or indeed of developed countries. Nor do they provide a once and for all solution to problems of trade relations. No such solution exists, since the situation is constantly changing. But in a highly difficult world economic environment they represent progress: a real step forward. There is plenty of room and need for further advance. What has already been achieved in the Tokyo Round should provide a firm launching-pad for future efforts and action.

No doubt it is useful to assess the results of the negotiations. Much more important, however, is that the fullest advantage be taken of what has been achieved. The value of the multilateral agreements reached will depend on governments acting with determination to seize the benefits opened up by the Tokyo Round.

TASKS FOR THE 1980's

Where should further action be concentrated? What are the pressing tasks for trade policy?
The first order of business for GATT must be to complete the multilateral trade negotiations. This is acknowledged by all as an absolute priority. It requires further negotiation in Geneva in the coming weeks. Intense efforts will also be needed in capitals to achieve the necessary endorsement by legislatures of the agreements reached, and their translation into national law.

The next priority will be to put the Tokyo Round agreements into effect, since most of them enter into force at the beginning of next year.

Beyond these tasks lie others. Looking toward the future, discussions aimed at defining them have already begun in GATT.

Further and prompt action to remove quantitative or other restrictions on tropical products, textiles, shoes and other developing-country exports is certainly needed. More should be done to reduce remaining tariff barriers affecting products of export interest to developing countries, and to deal with the problem of tariff escalation.

Other proposals for future action are being put forward by member governments in areas which, although still closely related to GATT's field of activity, have received little attention in past multilateral negotiations. Examples are trade in services, the growing involvement of governments in trade, and new trends in business competition.

In one area of immediate importance it should be possible to move rapidly as soon as the Tokyo Round is out of the way. Many developing countries have strongly expressed their desire for a new round of negotiations in the framework of the Protocol relating to Trade Negotiations among Developing Countries. Nineteen countries, accounting for over half of all exports of manufactures from developing countries, at present participate in this pioneering inter-regional arrangement for the exchange of trade preferences, in force since 1973. The time seems ripe for negotiations to enlarge both the membership and trade coverage of this important endeavour in collective self-reliance among developing countries.

Both in connexion with any negotiations under this Protocol and in other work to be undertaken in the framework of GATT, the technical assistance provided by the GATT secretariat to developing countries will be continued and enlarged. This technical assistance began during the 1960's and was greatly reinforced for the Tokyo Round. In negotiations on trade, technical assistance measures have to be tailored to the requirements of each country. GATT's technical assistance services are being developed and adapted to meet needs as they arise.

The main concern will be to help developing countries to make the best use of the possibilities opened up by the multilateral codes and other agreements negotiated in the Tokyo Round. Of great importance is to meet the
particular needs of the least-developed countries. As has been recognized in the course of the Tokyo Round, these countries need special assistance to make full use of the trading opportunities open to them.

GATT is thus gearing itself for determined action by all its member governments, from the most to the least developed, to meet the challenges of world trade.

**TRADE POLICY ISSUES FOR THE 1980's**

Looking at trade policy issues as a whole, I would sum up the principal challenge to be faced in the 1980s as being the management of interdependence.

This challenge is nowhere clearer than in the linked issues of protectionism and adjustment.

GATT was among the first to draw attention to the intensity of the protectionist pressures that have built up over a significant segment of international trade. GATT was also among the very first, and perhaps the most insistent of all, in suggesting that these protectionist pressures, although aggravated by the slackening in economic growth, were fundamentally a symptom of failure to adjust rapidly enough to changes in competitive conditions. As we have heard in the past few days, this diagnosis has been broadly and rapidly accepted. I welcome this, since it makes it possible to concert our efforts to tackle this vital issue for the 1980's.

I myself believe that the key to countering protectionism lies in creating public understanding of what is happening - or not happening. The measures already taken against the exports of developing countries, and the threats to their export prospects, largely result from misunderstanding by public opinion.

We in the GATT have for the past two years done what we can to dispel such misunderstanding. We have shown that the balance of trade in manufactures remains hugely in favour of developed countries. We have pointed out that developing countries will spend their growing earnings largely on further purchases from developed countries, and that demand from developing countries has in fact greatly contributed to sustaining world trade in the last few years. We have stressed that manufactured imports from developing countries represent only a tiny portion of total consumption and trade of industrialized countries. We have insisted on the fact that competition from developing countries has a minimal impact on employment in developed countries, compared with that which results from technological change. Any such impact, moreover, is likely to be more than offset by additional employment created by increased exports to developing countries.
As to the extent of present protectionism, I would plead guilty to having helped to raise the alarm. I have spoken on many occasions, and over several years, about the great rise in protectionist pressures and the dangers they present for everyone. I feel therefore a duty to acknowledge that in the past twelve months, governments have to a large extent resisted the calls made on them for new protective measures. The pressures still exist, and continue to make themselves felt with special force in certain sectors of particular interest to developing countries. But a wholesale lapse into protectionism has up to now been avoided. There is no room for complacency, for much is at stake. However, efforts to reinforce the defences against protectionism should be greatly helped by the strengthening of rules and disciplines, and the trade liberalization, resulting from the Tokyo Round.

It should be emphasized once again that at the root of protectionism is failure to adjust in good time. This is in the first instance a national responsibility. But adjustment is much easier in a dynamic economy. For this reason, one of the most effective means of promoting adjustment is to provide healthy and expanding prospects for international trade. To achieve this, maintaining the momentum of trade liberalization and reform will be GATT's continuing task in the 1980's.

Finally, let me stress the vital importance of being prepared to meet crises and challenges to trade policy as they arise. We can and should try our best to foresee what trends are likely to emerge in world trade and trade relations, and to develop policies to meet them. But what actually happens will often differ from what we expect. To keep world trade on a steady and expanding course requires a continuing readiness to concert views and policies, sometimes very rapidly indeed, in response to events. I see this as a critical part of the responsibilities of the GATT Contracting Parties.

Consistently over the years, international trade has shown itself a powerful motor for economic development. Throughout the developing world, the countries whose trade has grown fastest have also been those whose economic growth has been the most dynamic. The expansion of world trade, for the benefit of all the trading nations, is GATT's central purpose. I believe that the trade liberalization achieved in the Tokyo Round, and the new GATT institutions and procedures, with their special emphasis on promoting the trade of developing countries, should enable GATT, through resolute action, to fulfil this rôle effectively during the 1980's.

END