It gives me deep satisfaction to be able to extend to you a cordial welcome to this meeting, at which we are all called upon to play such an important part in furtherance of the expansion and liberalization of international trade, as a vehicle of progress and development for our peoples and a suitable instrument for securing closer relations of harmony and solidarity between our nations.

We are brought together today by an event of undeniable importance among the many events which make up the institutional life of GATT: the annual meeting of the Contracting Parties which have basic responsibility for the directions taken by the work of GATT. This thirty-seventh session, in addition to the usual questions submitted to us by the various organs under the Agreement and in particular by the Council of Representatives, will have to decide on the need, advisability and desirability of holding all or part of the next session at the ministerial level. It seems unnecessary to draw your attention to the fact that the taking of such an important decision gives the present session particular significance. That in itself should inspire us to fulfil our tasks, which are certainly not easy, with the highest degree of responsibility, pragmatism and a great amount of "political will".

I make special mention of this quota of political will, looking mainly towards the future. If anything characterizes and distinguishes this forum from others operating in the intricate world of multilateral bodies, it is, precisely, the importance of ensuring the "will" of the parties. The operation of the General Agreement, duly formalized and constantly enriched, shows us that the advances, halts and retreats are due, quite apart from the contributions and technical efforts of the secretariat, to the will of the contracting parties. The support of the rules, principles and mechanisms available to us today for the regulation of international trade must be sought in the will of our governments. That is why GATT is only, and could not be otherwise than, the negotiated synthesis of our will to act.
Within this conceptual framework, which I thought it appropriate to mention, we met today to review the record of the past twelve months of GATT's activities. To this end, and taking into account the rights and obligations flowing from our basic contract, that is to say, the General Agreement, we must consider whether the co-operation given has proved adequate to meet the situation caused by the grave economic and financial difficulties now being encountered by nearly all our countries. And whatever the overall result of our balance-sheet of activities, we are also called upon to decide what further steps may be needed to ensure that the multilateral trading system responds as it should to the economic, social and political challenges of the years ahead.

Twelve months ago, at the thirty-sixth Session, a central theme in the statements made by many - or perhaps most - representatives was the depressed state of the world economy. Delegates spoke of the slowdown in international trade, of unemployment, of widespread balance-of-payments difficulties, of continuing inflation and of the repercussions and interaction of all these problems on trade relations. Unfortunately, what was said then about the economic situation can be repeated today, perhaps in even gloomier tones. Yet although these are very real problems, which are discussed in the recent report of the secretariat on international trade and in the report of the Council, I think we should not allow ourselves to be discouraged, for there are some considerations which I can put forward as signs of a positive trend. The first is that, in spite of the worst economic difficulties in its thirty-three years of existence, and the accompanying protectionist pressures with which we are all too familiar, GATT has not arrested its activity in the last twelve months.

In accordance with the programme adopted at the beginning of 1981, for example, the second round of tariff cuts agreed in the multilateral trade negotiations were put into effect. The two agreements on customs valuation and government procurement also came into force on 1 January, as arranged. All the multilateral instruments negotiated in the Tokyo Round are thus now in operation, and the signatory governments are co-operating to ensure that they are effectively implemented. Intensive and efficient work has, as always, been done by the standing committees of GATT, and it is encouraging to note the good start made by the recently-established sub-committee on Protective Measures and the Working Party on Structural Adjustment, as well as quality of the discussions in the Consultative Group of Eighteen.

In the area of dispute settlement, there are some items to be entered on the credit side. For although a large number of complaint cases is evidence of the strains on trade relations, which have their impact on the GATT dispute settlement procedures themselves, it shows the readiness of governments to bring their problems to GATT for solution.
A study of the Council's exhaustive report shows, moreover, that solutions have indeed been found during the past year for a large proportion of the specific trade problems raised within the framework of GATT's responsibilities.

Even in the present adverse circumstances, therefore, there is repeated evidence of the vitality of our co-operation in GATT, and of the continuing commitment of our governments to the trading rules and practices established under the General Agreement.

There is, moreover, a second reason why I am encouraged in looking to the future. I do not think I am mistaken in attaching importance to the fact that there has been a change for the better during the past twelve months, which seems to me to be shown by the increasingly widespread recognition among all countries that economic relations are in a phase of transition; that changes are in progress which - and this is the most important point - if we can succeed in coming to terms with them, hold out new opportunities for fruitful international co-operation. These changes have not, of course, occurred only during the last year. Eight years have passed since the post-war monetary system based on fixed exchange rates began to break down. Economic activity in most of our countries reached a peak in the mid-1970s, from which time, oddly enough, dates the resurgence of protectionist pressures. But what is new, at least to my mind, is that during 1981 we have largely renounced the easy way out of blaming one another for the difficulties these developments have brought. Instead, we have concentrated our attention on exploring the possibilities of facing these developments and this challenge constructively together.

The proof of this is that the past few months have been marked by a series of meetings at the highest level, between the leaders of many governments. While these meetings have differed in their participants and subject-matter, although economic issues have taken up much of the agenda, I have the impression that all of them have been characterized by a preference for dialogue, rather than confrontation.

I believe that this spirit of dialogue has also been evident in GATT itself. Our countries differ greatly in many ways, but we share one characteristic which brings us together here: our dependence on international trade and, in consequence, the need we all have for the stable basis of multilateral rules and co-operation that the GATT provides for our mutual trade.

This shared concern has been repeatedly shown in the settlement of the various bilateral disputes that have been brought before the Council of Representatives. What seems to have had the greatest influence in the debates is the wish that, in settling disputes, no precedents should be established which might be damaging to the system of rules, rights and obligations to which we all subscribe.
I believe that no matter whether the speakers have been from developed or developing countries, from countries with centrally-planned or market economies, or from predominantly agricultural or industrial countries, there has been a genuine identity of interest in protecting the integrity of the GATT rules.

We all know that the multilateral trading system is under pressure. We all know that in many areas of trade, our countries have differing perceptions of where their interests lie, and that these differences will not be resolved without long and difficult negotiations and painful though necessary adjustments which cannot be delayed. In saying this I am reminded - as I suppose you all are - of the difficulties we have to overcome in such sectors as textiles and agriculture.

To overcome these difficulties, we shall need a firm commitment to maintaining the strength of GATT, and willingness to seek, through co-operation and dialogue, better answers than those resulting from dialectics and confrontation. Events in recent months point to the existence both of a commitment to GATT and of a clear desire for dialogue, all of which leads me to view the future with cautious optimism, but optimism nevertheless.

It is in this context that we should place the proposal, made to us by those responsible for our countries' trade policies when meeting in the Consultative Group of Eighteen. They considered it necessary for next year's Session of the Contracting Parties to be held at ministerial level and asked us to take a decision on that question. You will find the arguments for this proposal developed in the Group's report.

But what I should like to emphasize here is that this unanimous recommendation to us provides further evidence of the awareness among members of GATT of our shared interests and responsibilities. Of course, each country will look at the proposal for a GATT ministerial meeting from its own viewpoint, based on its particular economic situation and interests. But each of us should also bear in mind the broader trends and issues which concern us in general, and whatever our decision on this proposal it ought, I believe, to be at the centre of our thoughts during this session and in the course of our work together in the context of the GATT.

The Group of Eighteen has reminded us of some major recent trends in trade: shifts in the composition and size of international trade flows; the emergence of developing countries as vital trading partners of the developed nations; the disturbing increase in sectoral trade problems and the use, to overcome some of them, of measures not envisaged in the GATT rules. We need not feel frustrated at the way GATT has so far responded to these trends. But neither can we be fully satisfied with past achievements. Much remains to be done and we must do it.
Many countries are still unable to participate fully in the international trading system and the same applies to large sectors of trade, which remain outside the major flows. It is in the interest of us all that these countries and sectors, which are now on the sidelines of the trading system, should contribute to the strengthening of GATT, and to the integration and growth of the international economy.

Efforts in this direction will require that the Contracting Parties give much more prominence to objectives which the Tokyo Round negotiations only partially fulfilled. A central aim should be to bring about the full participation of developing countries in the system of rules by which international trade is now regulated.

The distance which GATT still has to go in this direction may be measured by the degree to which developing countries are participating in the GATT itself, and in the multilateral codes which emerged from the Tokyo Round. In recent years, a large number of developing countries have acceded to the General Agreement. I have, indeed, the gratifying honour to welcome to this session the delegation of Colombia, which very recently acceded, and to express the hope that Tunisia, which has just initiated negotiations for accession, will soon become a full contracting party. But despite these encouraging events it is obvious that fewer developing countries have as yet acceded than we would wish.

Similarly, we consider it important for the universal character of GATT, and for the transparency of international trade relations, that developing countries be encouraged to accede to the Tokyo Round codes. I therefore welcome the efforts made by the secretariat to clarify and explain all the implications of these codes to developing countries.

I believe that one reason why developing countries are not yet participating fully in GATT has been their perception - which may perhaps be shared by some developed countries - that there are major and important gaps in the system which need to be filled by the definition of appropriate and permanent rules. Among these gaps, I would mention in particular the unjustified uncertainty surrounding the safeguard rules (which are an essential element in the effectiveness and security of trade concessions), residual restrictions (quantitative or other), and the whole range of agricultural trade problems. Similarly, there seems to be a discouraging perception among the developing countries that, in spite of the great efforts made in multilateral trade negotiations, the GATT system still does not fully meet the particular situation and needs of those countries. Moreover, I consider it important also to continue efforts to stimulate and increase trade between developing countries.
I have centred many of my comments on problems of concern to developing countries, because their solution seems to me personally to be of the greatest urgency, both for the countries concerned, and for the future of the multilateral trading system. I am aware that to these issues can be added others which various countries, developed and developing, believe to require our attention. Some are tasks left unfinished at the end of the Tokyo Round; others represent needs or opportunities which have only recently come to light.

Looking at this picture as a whole, the time seems to have come to take stock at political level of our co-operation in GATT, and to reaffirm our will to maintain the rules that underpin the multilateral trading system.

There is one final point I should like to emphasise, which is linked with my opening remarks. What distinguishes GATT from most of the other international institutions in which our countries come together is that it is based on binding commitments. There is little value, in the GATT context, in mere expressions of concern, or interest, or simple goodwill. The purpose of the permanent dialogue carried on by the Contracting Parties is to establish legal commitments. It must therefore be our constant aim to translate the progress achieved in that dialogue into legal, binding, provisions that will establish rights and obligations consistent with the letter and spirit of the General Agreement.

In view of these considerations, I invite you to centre your attention on all these themes. As I said at the beginning of this statement, it is our responsibility as the Session of the Contracting Parties to guide the work of GATT. I trust that in the next few days we shall do so wisely, conscious of developments in the world economy and in our mutual trade, mindful of our shared commitment to GATT, and inspired by a common determination to come to terms with the challenges of a world in transition.

Thanking you for your attention, I now declare open the Thirty-Seventh Session of the Contracting Parties to GATT.