ARTHUR DUNKEL'S VALEDICTORY REMINDER THAT VARIETY IS THE SPICE OF TRADE

"Trade growth brings social, political, environmental changes"

"Periodically, governments - especially in the advanced industrialized countries, and even more so in times of recession - seem to forget what trade really is, and what makes it happen," says Arthur Dunkel, outgoing Director-General of the GATT, in his introduction to GATT Activities 1992, published today. "Put differently, there seems to be a difficulty in comprehending what the word 'competition' actually means. They lose sight of the fact that competition is epitomized by difference - differences in access to raw materials, in wage rates, in education, in publicly- or privately-funded research and development, in exchange rates, in labour productivity, in investment, in standards of health-care, in industrial and commercial structures and so on.

"Real competition is too often seen - for largely protectionist reasons - as an eternal balancing act. Put everyone on an equal footing with us, goes the theory, and our businessmen will beat the world. But, if everyone else is not operating under the same conditions, then one way or another their exports must be suspect and some compensatory action must be

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GATT Activities 1992 is available in English and will shortly be available in French and Spanish. It can be obtained from the GATT Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21. Price SwF 20.-
considered. A recent refinement, where GATT commitments do not exist, is to offer market access only on the basis that similar market access exists in the opposite direction - bilateral reciprocity. One can only say that had GATT tried to expand world trade through such a philosophy, then the world would now be a very much poorer place", comments Mr. Dunkel.

"Naturally, not all the differences among countries and firms which permit trade to take place are, in themselves, desirable. Nobody in the GATT would encourage perpetually low labour rates and conditions, the absence of adequate environmental standards or the survival of outmoded, anti-competitive commercial practices. But experience shows that trade brings economic growth, and economic growth brings change - change of many different kinds; social, political, environmental. This is not a static world, but the protectionists - or, to give them their modern title, the 'trade-managers' - seem to want to make it so. The Uruguay Round is not an attempt to manage world trade. It is an attempt to create, or re-create, the conditions of real competition in which trade will thrive.

"In the past two or three years we have lost several opportunities to conclude the Round. At root, it has been a question of timing - rightly or wrongly, the political winds were never quite right, never blowing in the same direction for everyone. And while the major industrial countries have tried vainly to find a politically acceptable point at which to settle, the rest of the world has had to wait with increasing frustration. Let us hope the omens are right now, and that a settlement - and a good settlement, at that - can be secured. In reality, there is probably never an ideal time to make such a deal. There will always be a reason to give it just a few more months. The time has now come for governments to face realities and live up to their responsibilities. I believe the deal can, and should, be done before the end of the year. The Uruguay Round continues to be poised precariously at the brink of a final success."

Turning to the current GATT multilateral trading system, Mr. Dunkel points out the high level of demand to enter the GATT - 22 new contracting parties since the launch of the Round in 1986, eight of which joined in the last year or so; about 15 other countries currently pursuing accession; and a large number of new observer countries stepping onto the ladder of eventual accession. "Thus the ranks of GATT members are likely to go on expanding very rapidly over the coming years; with the especially challenging prospect of many of the independent states of the former Soviet Union joining the trading system as their economic reforms proceed," says Mr. Dunkel.

At the same time, many GATT member-countries, which are in the process of trade and economic reform, are using the trade policy review system as a valuable tool to learn from the successes and shortcomings of their peers. "Recently, this learning process has been a disillusioning experience for many of the newly-reforming countries," he emphasizes. "They have acted as they were advised to act; they have opened their economies to international competition and to imports. They have begun to see worthwhile results in many cases. However, to the extent that their reforms have been implemented in anticipation of a strengthening of the multilateral trading system and of new market opportunities worldwide, they have been disappointed."
GATT Activities 1992 reports on every aspect of GATT's work during 1992 and in the early part of 1993. It covers the many disputes brought to the GATT for resolution, the work on new accessions, the Tokyo Round Committees and activity related specifically to the developing countries. It gives a chronological narrative of the major efforts which were made during the year to conclude the Round. It also looks at general trends in international trade performance and policies.