CHAIRMAN OF CONTRACTING PARTIES SEES BETTER PROSPECTS
FOR WORLD ECONOMIC RECOVERY WITH THE
SUCCESSFUL CONCLUSION OF THE
URUGUAY ROUND

The attached is the text of the opening address to the Annual Session of GATT Contracting Parties on 25 January by the Chairman, Ambassador B.K. Zutshi of India.
Mr. Director-General, Distinguished Delegates,  
Ladies and Gentlemen,  

While welcoming you to the 49th session of the CONTRACTING PARTIES, may I wish you all a very Happy New Year.  

This is no ordinary session of the CONTRACTING PARTIES. We are today astride forty-six years of GATT history and a new era in international trade to be inaugurated with the future establishment of the World Trade Organization, in which a new and strengthened GATT will be only one of its several parts. The successful conclusion of the Uruguay Round on 15th of December last year was indeed, as mentioned by Director-General Peter Sutherland on that occasion, a defining moment in modern economic and political history. More than anything else, the Uruguay Round Agreement was the result of the collective will of participants to shape the future of international economic relations and pave the way for more stable and equitable economic growth. We could congratulate ourselves on this achievement. The success was, in no small measure, due to the excellent leadership qualities of Director-General Peter Sutherland and the painstaking work put in, over a period of nearly seven years, by his predecessor, Arthur Dunkel.  

To both of them, we owe a debt of gratitude.  

I shall not attempt an assessment of the results of the Uruguay Round today. Each government here represented is surely in the process of making its own assessment and will have the opportunity to express its views on the outcome of the Round and its future implications at the Ministerial meeting in Marrakesh. I do wish to emphasize, however, that the Uruguay Round Agreements have only laid the ground work for economic and trade relations between nations into the 21st century. And now it is for us to carry out the exercise of building upon the blue-print which was agreed on 15 December last. In doing so, it will be essential to retain this collective will which allowed us to come this far. I shall revert to this presently.  

It is customary for the Chairman of the CONTRACTING PARTIES to look briefly at the state of world trade: The volume of growth of world trade was below 3 per cent in 1993, down from 4 per cent in the previous year. World output growth was up slightly last year to just above 2 per cent. Both the figures for world trade and output growth remained well below the averages for the previous decade, confirming that the period of slow growth for the world economy, which began in 1989, continued in 1993.  

In spite of the slower pace of world trade and economic activity in 1993, there are grounds for optimism regarding a recovery in 1994. One reason for cautious optimism is that the slow down in 1993 was largely due to pronounced weakness in major West European economies, where signs of recovery became apparent in the final quarter of 1993. Another reason is the successful conclusion of the Uruguay Round negotiations which is expected to restore consumer and investor confidence in regions affected by recessionary conditions, thereby reinforcing the positive trends in evidence in developing regions and economies in transition and maintain the momentum of activity in other regions.  

It is essential that the expectation of the successful conclusion of the Round bringing benefit to all Contracting Parties is actually borne out. At the very least, no participant should be worse off, or emerge a net loser from the Round. In order to ensure this, it may be useful to envisage a monitoring mechanism to gauge the impact of the Uruguay Round results on individual countries. Should there
be any losers from the Round, ways should be found to redress the situation by positive action which may include compensation. I would comment this to the CONTRACTING PARTIES of GATT and its successor organization for further thought and action.

Euphoria in the wake of a successful conclusion of the Uruguay Round is both justified as well as understandable. It would be tempting to believe that the conclusion of the Uruguay Round will ensure forever, a strong, open, non-discriminatory and rule-based multilateral trading system. That unfortunately cannot be taken for granted. An open trading system, like freedom, demands eternal vigilance. We have to be on guard against machinations of protectionist forces and narrow sectional interests.

That brings me to the issue of Trade and Environment. The TNC Decision to draw up a programme of work for adoption by Ministers in Marrakesh on Trade and Environment reflects a further step towards maturity of this important issue in GATT. I would like to pay tribute to Ambassador Hidetoshi Ukawa for his skilful chairmanship of the EMIT Group over the past two years, which helped build confidence and prepare the ground for the TNC Decision to be taken. Similarly, I would wish to congratulate Ambassador Mounir Zahran for leading the Committee on Trade and Development in its examination of the issues of environment-trade interface referred to it by the Council of Representatives.

Let there be no doubt in anybody's mind that there is a great deal of trust riding on the TNC Decision for many Contracting Parties, especially the developing countries:

- trust that the work programme will address each country’s trade, environment and sustainable development needs and priorities in a balanced and equitable way;

- trust that this will be a work programme on the trade and trade-related aspects of the subject that remains firmly within the competence of the multilateral trading system.

It is no coincidence that the TNC Decision was taken in conjunction with the conclusion of the Uruguay Round negotiations. If there is one message which came out of the Earth Summit which bears repeating time and again it is the need to maintain, and I quote, "an open, equitable, secure, non-discriminatory and predictable multilateral trading system". Trade liberalization coupled with financial and technological transfers, is essential for promoting sustainable development, particularly in the developing countries where poverty is the number one preoccupation for all policy-making and the most important obstacle to better environmental protection. To overlook that fact, and instead focus the trade and environment debate on polemics about "greening the GATT" would reduce the debate to an irrelevance for the great majority of contracting parties. Worse than that, it would be viewed as a serious protectionist threat to their trade interests.

In the TNC Decision, we have embraced the objectives of protecting the environment and promoting sustainable development. We must keep both objectives very clearly in view of drawing up a balanced work programme. We are committed to a work programme which will produce, at the end of the day, appropriate recommendations on whether any modifications of the provisions of the multilateral trading system are required. There is no short-cut to arrive at that point. Until we have done a thorough job of identifying the relationship between trade measures and environmental measures in order to promote sustainable development, any attempt to take a prescriptive approach would be premature and, in all probability, counterproductive. If there are problems of co-ordinating trade and environment policies, they must be resolved in a way that does not undermine the multilateral trading system which we have spent the past seven years reinforcing through the Uruguay Round negotiations.
1994 will be a year of transition for the GATT. It will be a year in which we move from one era to another. The move from GATT to WTO is more than symbolic. It represents an assertion of collective will to put in place a strong and rule-based multilateral trading system that would safeguard the interests of the rich and poor, the strong and the weak. The future of the WTO will ultimately be evaluated and assessed on the basis of the welfare that it brings to the global community. In order to do this, the WTO must serve as a vehicle for strong global economic growth. For the first time, these negotiations were characterized by active participation of a significant number of less-developed Contracting Parties in the Uruguay Round negotiations. This is a pointer to the future. There is no gainsaying the larger and dominant rôle that LDCs are going to play in the shaping of the future WTO. The traditional trading powers must welcome this rather than see this as some kind of threat. I would posit that the prosperity of LDCs is extremely vital for the sustenance of global prosperity and indeed the multilateral trading system. In all this, the poorest of the poor, the least-developed Contracting Parties must not be forgotten. All efforts need to be undertaken to integrate them as quickly as possible into the global trading system.

That brings me to a vision of the future institutional set up for the multilateral trading system, namely the future World Trade Organization. Not long ago, there were dire predictions about GATT’s demise, followed by a collapse of the multilateral trading system. It was believed that the world would be divided into regional trading blocs and that trade wars were inevitable. We have proved the cassandras wrong. Today, not only is GATT alive and kicking, it will soon metamorphose itself into a vastly more important and expanded institution. My vision for this institution encompasses its rôle as the defender of the rights of the weak and the vulnerable among its members; a place for tranquil reflection and resolution of problems in the trading system; a voice for reason and equity in the din of clashing interest. I have no doubt that the metamorphosis that this organization is about to undergo will set it on its way to greater glory in the service of the international community. I wish it all success.

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