I am glad to address this meeting of the GATT CONTRACTING PARTIES held at the level of Ministers. Much has happened in the field of international trade since the Ministers met under the auspices of GATT nearly ten years ago in Tokyo. We have to take stock of these developments and also address ourselves to the challenges which have emerged in the world trading system in recent years.

We are facing a severe crisis in the world economy and trade. Inflation, unemployment and declining productivity have been adversely affecting the industrialized countries. In our view, many of their problems are policy-induced, consequences of which are causing severe strain in the developing countries. They are being faced with problems of declining terms of trade, sharply increasing current account deficits and increasing burden of servicing their debt. All these have resulted in a sharp fall in their purchasing power seriously constraining their economic growth and development. If the situation of the developing countries continues to deteriorate further, it will have grave implications to the world economy itself as in recent years it is the dynamism of the developing countries that helped the world economy so far to avoid greater catastrophe. It was the comparatively more liberal trade régimes of the developing countries which provided expanding markets to products from the developed world. Clearly, bold initiatives of a comprehensive character for medium-term and long-term solutions rather than short-term patchwork measures are needed to reverse these adverse trends.

I am conscious of the fact that we are meeting here under the auspices of the GATT and we have to see how the multilateral trading system embodied in GATT can make its contribution within the purview of its own competence and sphere of work for solution of these problems.

Despite major shortcomings and limitations, the international trading system has survived during the past twenty-five years precisely because it has been built on the basis of certain multilateral institutions and the GATT has been one of the important pillars of the system. However, now the system is proving to be less effective in stemming the tide of protectionism and in discouraging the trading nations in seeking short-term bilateral solutions outside the multilateral frame. Clearly this trend is pernicious and protectionism has to be rolled back.
A definite political statement should be made giving expression to our unambiguous condemnation of protectionism.

We have an abiding interest in a strengthened multilateral trading system as any erosion of the effectiveness of such a system is bound to affect adversely the interests of all and particularly the weaker trading nations. Hence, the GATT system as a whole will have to be made more effective and committed to serve the interests of developing countries. Their interests and concerns cannot any longer be treated as secondary or incidental. The weakest should not lose out.

Most of us had a good deal of expectations from the Tokyo Round of negotiations. However, almost all the Agreements and Codes in the non-tariff sectors have received only limited acceptance among the contracting parties. The special needs and features of the developing countries have not been often kept in view during the operation of these Agreements. We have to ensure that these Agreements are made more meaningful for a large number of contracting parties of GATT. While operating these Agreements, it has also to be kept very much in mind that the unity, consistency and credibility of the GATT system as a whole is not infringed.

At the end of the Tokyo Round of negotiations in 1979, the CONTRACTING PARTIES decided on a Work Programme for the future and when we are meeting now, after three years, we have to see how far have we progressed on this path. Though efforts have no doubt been made, hardly any concrete results have been achieved so far in the Work Programme which was agreed. The elements of this agreed Work Programme should, therefore, receive priority attention in the months and years ahead and every effort should be made to see that the work left incomplete at the end of 1979 gets completed expeditiously.

Taking one major item of unfinished business, for example, the safeguards, one must say that in spite of all the efforts made we have not succeeded in evolving an agreed understanding. We had thought that this work could be completed by the time the Ministers met, but it is a sad commentary on the state of things that no worthwhile solution to this important matter acceptable to all has been found. We must strive hard with sincerity and willingness to work out an understanding on safeguards within a few months based particularly on the principles of objectivity and multilateral surveillance.

Another important area for effective operation of the multilateral trading system is the dispute settlement mechanism which has not been operating quite efficiently in the past few years. Very often the utility and effectiveness of a system like the GATT is tested on the basis of the efficiency with which the disputes are resolved. Our objective should be to improve the procedure in this field so that there is lessening of tension and friction in the operation of the provisions of the General Agreement and the confidence which is at present shaken is restored.
I have earlier referred to the problems of the developing countries and their important rôle in the world economic and trading system. Part IV of the GATT as also several other related provisions have been introduced in order to enable the developing countries to accelerate their development process. It is well recognized that Part IV of the GATT has not been implemented. Renewed efforts and political commitment of the developed countries are very much needed in this regard. They should see it as an instrument for achieving the common goal which is enshrined in the objectives of GATT.

GATT has indeed a lot to do in all these fields mentioned above if it has to be efficient and effective. Overloading it with new types of work particularly those which are not within its competence will erode its efficacy in the sectors where it has its responsibilities at present. We have noted for example, the proposal for a study of services in GATT. It is clearly beyond the competence and the present workframe of GATT.

This proposal has profound implications especially to the developing countries. Unlike trade in goods, trade in services is intimately linked with flows of factors of production, viz: international flows in capital, labour and technology and surely if one wants to discuss in a comprehensive manner issues related to trade in services, one has to discuss, amongst other things, issues related to immigration policies, policies regarding technology flows, etc. We have no doubt that GATT has no mandate to discuss these issues. We cannot help but to point out that for many of these issues, there are other competent organisations such as UNCTAD which are doing excellent work in these areas.

There are some suggestions regarding trade-related performance requirements. In our view, developing countries have to take various measures to develop their national economies. Naturally, measures to increase domestic value added in their different industries and to promote exports, especially that of manufactured exports are an integral part of their development strategy and developing countries must have all required freedom to deploy the different policy instruments so as to accelerate their development.

In this Conference, we must give a clear perspective for the future work of GATT. In our view, the perspective must be: (i) acceleration of the development of the developing countries; (ii) to provide impetus to the recovery of world trade; and (iii) to help restructure the international economic system so that we make progress towards achievement of the New International Economic Order; the objective to which we have all solemnly pledged.