This year’s CONTRACTING PARTIES' Session is taking place less than one month ahead of the mid-term review meeting of the Uruguay Round to be held in Montreal. This timing gives us a unique perspective in reviewing the current global trade situation in general and the state of the GATT system in particular.

The global economy seems to be in relatively good shape. For one thing, the major economic powers have maintained stable growth, boosting domestic demand and, on the whole, improving the current accounts situation.

These positive trends, if they persist for an extended period of time, will be conducive to the overall improvement of the trading system.

On a less positive side, exchange rate uncertainties, problems of unemployment and slow growth as well as the debt problem are a continued source of concern.

In an effort to cope with these problems through stabilizing currency values, combating inflationary pressures and other adjustment measures, the major countries have adopted tighter fiscal and monetary policies, which in turn may bring down demand and thereby result in a negative impact on world trade.

Still more serious developments include the persistent tendency towards bilateralism and regional trading blocs. Since these developments will have a long-term, structural and, therefore, considerable impact on the global trade system, we need to pay due and constant attention to them.

Another source of concern is unabating protectionism. In some cases, protectionist practices have become more visible and even institutionalized through enactment of domestic laws. Abuse of the anti-dumping and countervailing mechanisms as well as grey-area measures have not abated either.

The debt problem, faced mostly by third-world countries, is also a debilitating factor in the trade system. In order to resolve this problem, we need to seek improvement both in the financing area and the trading environment.

In view of these problems, it is small wonder that we see trade frictions arising over a broad range of issues. Unlike previous trade
rounds, the Uruguay Round is witnessing extensive resort to the GATT dispute settlement mechanism.

If this frequent resorting to GATT dispute settlement is a positive sign of confidence in the multilateral system, we readily welcome it. We only hope that this is the reflection neither of impatience with the slow progress of the on-going negotiations nor any attempt to improve individual negotiating positions.

All these assessments point to the need for successful Uruguay Round negotiations.

It seems to us that an overall progress in the Uruguay Round negotiations has been positive. In fact, more seems to have been achieved thus far than at a comparable stage of the previous trade negotiations. Two hundred or so proposals have been submitted and each chairman of the negotiating groups is in the process of finalizing reports to be submitted to the GNG and subsequently to the Montreal Meeting. We need to keep this momentum alive.

Korea, for its part, is actively participating in the negotiations. From the Uruguay Round, Korea seeks, among other things, an improvement of the trade environment for trade in goods, a strengthening of the GATT system, and gradual liberalization in new areas.

As regards trade in goods or the so-called "traditional issues", my country, in an effort to make progress, put forward quite a number of written proposals.

Among the traditional issues, the agricultural sector is the most difficult and, at the same time, one of the most important negotiating subjects. A significant number of ideas and proposals, including a recent proposal by my country, have been submitted by participating countries.

My delegation wishes to emphasize that, in order to reach an agreement, we need a balanced approach. Above all, due consideration of importing countries' interests should be an integral part of the negotiations on agriculture.

Regarding the improvement of the GATT system, I believe that concrete results can be achieved in the forthcoming Ministerial meeting in Montreal.

Negotiations on institutional issues such as the functioning of the GATT system and dispute settlement procedures have made much progress. For the improvement of the GATT system, a comprehensive agreement on safeguards is also of particular importance.

In addition, the Montreal Meeting should be an occasion to reaffirm the commitments to standstill and rollback. It would be desirable to adopt effective Ministerial guidelines to implement these important commitments at the Montreal Meeting. This would greatly improve the negotiating environment.
Additional efforts to improve the negotiating environment and thereby expedite negotiations should also be made. For instance, if voluntary or unilateral liberalization measures are recognized as significant contributions to the trade negotiations and given due credit, more liberalization will follow. This idea could also be incorporated in a Ministerial undertaking at the Montreal Meeting.

As far as the new negotiating areas are concerned, it is not a secret that views among countries or groups of countries do not always coincide and in some cases diverge quite substantially. In this connection, we believe that hasty attempts to draw conclusions would not be conducive to the long-term interests of all the participating countries. What we need is a gradual approach, with patience.

Instead of being overly ambitious to achieve a perfect set of rules, the developed countries are called upon to adopt a flexible and gradual approach, while continuing to encourage developing countries to participate in the negotiating process.

Since we have only a month before the Montreal Meeting, we need to make the best use of the few remaining weeks for the success of that meeting.

Through a successful Montreal Meeting and continued meaningful negotiations thereafter, we hope that all the remaining issues will be resolved in time. Let us redouble our efforts and pool our wisdom to achieve this goal. What is at stake is the future of the GATT, of the world trading system and, above all, the welfare of peoples all over the world.