The Community's position on the range of issues before us at this meeting has been described very thoroughly. I would like to say why the United Kingdom believes we are here and what I think we must achieve before we depart.

We are here not in pursuit of free trade or any other abstract ideal, but because the wealth of all our nations depends on the ability of our manufacturers, farmers and providers of services to offer their goods not only to their fellow citizens but to potential customers throughout the world.

This point can be illustrated by the fact that world trade has grown much more quickly than world output since the War. The more important consequences of such rapid growth in world trade is that we depend on trade now for a proportion of our output far greater than has been the case since before the 1930s slump: almost one fifth overall, and over one third for the United Kingdom. So we would all suffer disproportionately more than in the past if world trade were to collapse.

It was not until after World War II that world trade in manufactures recovered to the level of 1929.

By comparison, in the 1979 Recession, the worst since the 1930s, world trade in manufactures held up and world manufacturing output fell by only 1 per cent. In the 1930s each country individually thought that it was defending itself against the Depression, and the collective result was to achieve the opposite. But in the post-war period the GATT has been there as a stabilizing influence, helping to foster trade growth - and to prevent collapse in the 1970s. Co-ordination had become the watchword and the GATT system provides - or should provide - a bulwark against unfair trade in all its forms.

But GATT, like all institutions, must either develop or atrophy. We are here to ensure development. Development that will adapt GATT rules and bring them up-to-date; help to renovate our trade policies, and improve the prospects for economic prosperity in the next century.

As well as bringing the rules up-to-date we have to recreate a confidence that those rules will be properly observed.
As to the first objective, Commissioner de Clercq has explained our priorities in getting the rules right. Safeguards are an obvious example. There are many trade-related aspects of the agricultural problem identified most recently at the Tokyo Summit to which GATT can provide a solution.

In particular, the pursuit of a better balance of rights and obligations as between all CONTRACTING PARTIES will also require careful examination of the rules, and fuller implementation of those elements which have perhaps been forgotten in the recent past with the result that some GATT relationships have become distorted.

There is also the difficult but necessary task of extending the GATT system to new areas, so that all countries can develop their own zones of comparative advantage, to the benefit of themselves and their trading partners.

Foremost among the new areas is trade in services, an area where growth has been even more impressive than trade in goods. Yet which, despite the prevalence of detailed national systems of regulation and protection is untouched by multilateral disciplines. The rules of the General Agreement were first written when almost all world trade was in goods. The world now needs a similar body of multilateral trading rules for services, and the New Round is our opportunity to establish it.

The danger is that if this is not done, the growth, not only of trade in services but also of trade generally, will become stunted and distorted. For no advanced country can adjust out of the older areas of trade in goods without having the access it needs to adjust to the newer ones, which of course involves services. If one group of countries is prevented from exploiting the comparative advantage, then its trading partners are likewise prevented. That is why the Community is insisting that the inclusion of services is essential, so that the Round can provide a balanced formula for increased liberalization everywhere.

The second task of the Round will be to restore confidence in the rules of the GATT.

This is a task on which we must begin forthwith. GATT members have to demonstrate their resolve that henceforth the agreed rules will be applied and that at the conclusion of the negotiations their trade policies will be fully consistent with them. No country has been innocent in the growth of the so-called "new protectionism". One country's pragmatic solution to a problem has been another country's precedent, and the cumulative weight of such precedents has now built up to the point where the GATT system itself could begin to disintegrate. It is this accumulation that the New Round must tackle. That is why we have before us draft undertakings on
standstill and rollback, and why we must make those undertakings and agree to strong measures of surveillance to ensure that they are carried out.

This is all less easy than it may appear to the outside world. But we have – all of us – to keep our individual priorities in proportion to the collective priority of a successful launch of negotiations.

In discussing wider matters such as the international financial system we must avoid confusion with the main business of negotiating about trade rules and trade barriers. We shall have succeeded if at the close of our work this week we can declare ourselves ready to discard measures that are inconsistent with the GATT, and ready to pursue a negotiation that gives to all the opportunity to pursue their objectives and precludes none of us from seeking to achieve them. On this basis, we shall this week successfully launch the trade negotiations we all so badly need.