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RATIFICATION OF THE URUGUAY ROUND RESULTS:

A SENSE OF URGENCY IS NEEDED

Attached is the statement by Peter D. Sutherland, Director-General of GATT, delivered today (2 September 1994) at the annual Villa d'Este Conference in Cernobbio, Italy, a private sector group discussing the theme "Today and Tomorrow: Outlook for Corporate Strategies".

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MORE

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Statement by Peter D. Sutherland, Director-General, GATT

Villa d'Este, 2 September 1994

I

When governments signed the Uruguay Round Final Act at Marrakesh in April this year they did so on the clear understanding that all would do their utmost to ensure that the Round's results could enter into force, and the new World Trade Organization come into being, on 1 January 1995. Meeting this agreed target date was seen as crucial, not just for the credibility of the implementation process but particularly for the value of the commitments which were exchanged in the negotiation and the benefits they will bring to the world economy. No country - least of all those who have already made unilateral initiatives to liberalize their trade policies - wants to see the worth of these commitments eroded by delay. The world as a whole must not be kept waiting to realize the economic, social and political benefits of this great global achievement.

Since Marrakesh, the urgency of implementing the Round's results has consistently been endorsed by Ministers and Heads of State and Government at the Naples G7 Summit, by other ministerial meetings, notably the OECD, and various regional meetings around the world. The high priority that political leaders have given to prompt ratification has been echoed by business, consumer and other private-sector groups in many countries. More importantly, world leaders have assumed responsibility for seeing that the results of the Uruguay Round are put into effect.

In Geneva the Preparatory Committee established in April has been working to pave the way for the establishment of the WTO.

The Committee - which includes all countries that have signed the Uruguay Round Final Act - has made it clear that it expects this to happen on 1 January 1995. It has set the date of the Implementation Conference (which will agree on the final details) for very early in December this year in the light of that expectation.

It is also clear, therefore, that by the time of the Implementation Conference a substantial number of governments - especially those of the major trading nations, both industrial and developing - must have ratified the Marrakesh agreements. This is the essential prerequisite for meeting the agreed target date.

Our information is that the majority of the participants should be in a position to ratify in time. As of today, 26 countries have formally accepted the Marrakesh Agreements or concluded their domestic procedures for acceptance. This means that 99 countries have still to do so - and this number includes most of the largest trading nations.

The Uruguay Round has from first to last been a multilateral undertaking, for whose outcome all participants have shared the responsibility. Ensuring its entry into force is also a shared responsibility, and it is essential that no participant feel that their own ratification can wait on that of others. Nonetheless it is undeniable that much of the world expects the major actors on the international trade

MORE

and economic stage to be in the forefront when it comes to turning the commitments negotiated in the Round into a working reality. They - in particular the US, the EU and Japan - have a primary responsibility to act in a timely way.

For these reasons the progress of ratification in the European Union, Japan and the United States is particularly important. I have to say that, on the facts as we know them, there is no grounds for complacency concerning the state of the process in any of the three.

In the European Union, three countries (Germany, Greece and the UK) have completed their domestic procedures. Some others are well on the way to doing so. But a number of member states appear to be awaiting the ruling of the European Court of Justice on the respective competence of the Commission and the member states regarding trade agreements before effectively engaging themselves in the ratification process.

It is, perhaps, encouraging that the debate in the EU has not been concerned with substantive elements of the Uruguay Round package so much as with internal procedures - but delay for whatever reason is still costly. I trust that member state governments and EU institutions together will bring a renewed sense of urgency to bear on this process at all levels in the coming weeks.

In Japan, the ratification effort seems well under way, but the crucial examination of the WTO Agreement by the Diet has still to begin. It is essential that every effort be made to begin this process promptly.

And in the United States, the implementing legislation has yet to be tabled in Congress, which is now in recess. Of course the nature of the legislative process in the US case (under the "fast-track" procedure, which does not allow the introduction of amendments from the floor) means in effect that the debate on the bill takes place before it is tabled, and that its approval should thereafter be swift. Nonetheless with a number of points still apparently under consideration in the congressional process, and with the time available to finalize the legislation running short, I urge all those involved to give it a high priority in the coming weeks. The window of opportunity, from the time Congress resumes on September 12 to early October, when it adjourns again for the mid-term elections, is a narrow one. If it is missed, the risks of a long delay are serious, and the consequences could also be serious for the US economy and that of the world as a whole.

III

Let me remind anyone who is tempted to think that implementation of the Round's results could be delayed at little cost what this deal is worth to the world.

- It is the biggest trade-liberalizing package in history. It cuts tariffs by more than a third, removes non-tariff barriers, and greatly improves the competitive environment. For trade in goods alone its global value by 2002 is estimated at \$755 billion in extra trade annually. And more trade means more growth, more investment and more jobs.
- It extends and reinforces the GATT principles - such as non-discrimination - which have proved their worth in a 13-fold expansion of world merchandise trade over 45 years, through agreed multilateral rules in the new growth areas: trade in services, trade in intellectual property rights. These new agreements are the key to continuing expansion, improved access to markets, security of investment and growing employment in these burgeoning sectors.
- By improving the export opportunities for developing countries, which include the fastest-growing economies in the world, it also improves prospects for exporters in developed countries.

MORE

Demand for imports in the "tiger" economies of Asia, plus Latin America and the economies in transition, is the key to the industrialized countries' hopes of turning the current fragile recovery into sustainable growth.

- And by setting up the World Trade Organization to bring together all of these new commitments under a single institutional and legal roof, it sets up a framework to ensure that trade-led growth can be both maintained and widely shared. The WTO is in no way an assault on any country's sovereignty. If anything it enhances it, by providing a more effective dispute settlement mechanism through which countries can ensure that their rights are respected, and by providing a permanent forum for adapting the international trade policy agenda to the real needs of trading nations. Effective exercise of sovereignty is indissoluble from the rule of law in international relations, and this is what the WTO reinforces.

The Uruguay Round package is not something which has been dictated from on high or sprung on an unsuspecting world. It is the product of seven years of hard negotiation by over a hundred countries. The result they achieved cannot hope to please every interest group equally, but the participating governments have left no doubt either in Marrakesh or since that globally - which is how it must be seen - this package is a huge plus for the world economy.

IV

Until the WTO Agreement is ratified and implemented, however, it is little more than an uncashed cheque. It is surely unthinkable that legislators anywhere would tolerate any delay in cashing that hard-earned cheque, or that public opinion would permit them to.

Any delay in the entry into force of the WTO and the agreements it encompasses will cost real people everywhere real money. It could not help but encourage protectionists everywhere to regroup and renew the pressure on political leaders to pander to the sort of stratagems for denying reality whose ruinous effect on prosperity and international stability is amply displayed in recent history. It is therefore in all seriousness that I consider ratification and implementation of this Agreement to be one of the top international economic - and political - priorities. I urge all participating countries who have not yet ratified to give it a correspondingly high priority in their legislative agendas.

For my part, I will continue to do everything I can to assist participants and facilitate their ratification processes. In the coming days, I will initiate a systematic multilateral process of consultation and review on this issue in the interests of all participants and of the multilateral system as a whole. My intention is that at its meeting on 22 September the Preparatory Committee should be in a position to review the overall situation and the specific state of the ratification process in respect of each of the participants who have not yet ratified. I trust that this will help turn the contagion of delay into a shared sense of urgency, one which will be acted upon. In addition, I will maintain and intensify direct contacts with key participants whenever it is necessary or useful to do so; and of course the full resources of the GATT Secretariat are available to assist in any way that may be appropriate.

I urge you and other private sector leaders around the world also to make the most of every possible opportunity to push for prompt ratification in your respective countries. Your support made a vital contribution to securing a successful outcome of the negotiations. It is every bit as vital now, when the benefits of that outcome are so close. To delay their implementation is to devalue them. Don't let it happen.

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