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STATEMENT BY H.E. MR. JERNU LAINE
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ON BEHALF OF THE FINNISH DELEGATION

At our previous Ministerial meeting in Tokyo nine years ago we were looking forward to new developments in the GATT. Having participated in that meeting as the head of the Finnish delegation, I can recall the confidence that was then felt in the continuing trade liberalization leading to a balanced expansion of world trade and thus improving the conditions of life and material well-being of our peoples.

Today, we seem to live in a different world. When the CONTRACTING PARTIES decided to meet at ministerial level in 1982, the decision was taken at a time of low or even negative economic growth. The past year has not brought any improvement to the gloomy picture, as for instance the recent GATT study on international trade shows. The low level of economic activity in most countries makes it difficult to remedy the consequences of the deep and prolonged economic recession we are experiencing today. A high rate of unemployment is one of the gravest manifestations of this development in recent years.

Nevertheless, I do not think that the principle of trade liberalization should be regarded as outdated even in the present economic circumstances. I am convinced that protectionist policies and measures would only aggravate the current difficulties. What is needed today, is a clear commitment to respect the GATT obligations and to co-operate in the GATT framework in order to restore the faith of our governments and our business communities in the free-trading system based on the General Agreement. My Government considers that the Final Document which we should adopt, is a balanced expression of this political message.

The Finnish Government would have been prepared to go even further in some respects. For example, we would have preferred a more clear-cut commitment to fight the new emerging forms of protectionism, which express themselves in the form of industrial subsidies. As a small country with high dependence on foreign trade and limited financial resources, Finland cannot and will not use subsidies as a means of competition. Keeping old industry structures alive with the help of subsidies does not, in the long run, solve any economic or social problems. It is a vicious circle which should be broken, the earlier the better.

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It is, however, an encouraging fact that our negotiators were able to achieve important results on a number of issues. It provides a basis for this meeting to reaffirm that the multilateral trading system best serves our interests and that it is worthwhile to defend it.

It must be admitted that the overall result of this meeting would have been considerably more significant if the safeguard issue could have been resolved in a comprehensive manner. Since this was not possible we should not, however, see it as a failure that a new mandate is given for continuing negotiations.

Trade relations with the developing countries are undoubtedly one of the key issues in the work of the GATT. In the development of their economies, trade is of course only one factor among others, and it is clear that the GATT cannot present a panacea to their difficulties. On the other hand, questions relating to market access are of major importance, and will have to be dealt with sooner or later. We are of the opinion that searching for a more stable basis for the trade relations between developing and developed countries should be part of our future work.

The agricultural work programme represents a carefully balanced compromise between widely different positions taken by various countries. The programme is an indication of a general wish to achieve increased transparency in the field of national agricultural policies. It would not have been possible to reach agreement on it if the special characteristics and problems of agricultural production and trade had not been taken into account in the mandate of the Committee on Agriculture. The geographical and climatic conditions as well as the regional and social importance of the present structure of agricultural production in Finland are the fundamentals for our participation in the work of that Committee.

In the future work of the GATT a selection of priorities should be made on the basis of the GATT Work Programme of 1979, although some new areas, such as trade in services undoubtedly deserve early attention as well.

To conclude, I want once more to stress the significance of this meeting, and the results that are of hand. For smaller countries the maintenance of a well-functioning multilateral trading system is a crucial necessity. But it is also a necessity to all countries, for no country is strong enough any more to secure its well-being in isolation. This is why we are ready to give our contribution to the future work of the GATT in order to ensure its achievements and in order to adapt it to new requirements.