

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)108
November 1982

CONTRACTING PARTIES
Thirty-Eight Session
Ministerial Meeting
(24-27 November 1982)

Original: French

STATEMENT BY H.E. MR. PAUL HELMINGER,
SECRETARY OF STATE AT THE MINISTRY OF
FOREIGN AFFAIRS OF LUXEMBOURG

Allow me first of all, Mr. Chairman, to wish you success in the difficult task you have undertaken in accepting the Chairmanship of this Ministerial Meeting of the CONTRACTING PARTIES of GATT.

My colleagues, Mr. Ellemann-Jensen and Mr. Haferkamp, have given you, on behalf of the European Community, our views on the main problems with which world trade is confronted and in regard to which the present Ministerial meeting will have to decide the course to be followed in the coming years.

For my part, I shall confine myself to a number of questions which are of particular concern to the Government of Luxembourg.

We are meeting at Geneva at a time when the world is undergoing the most serious economic recession since the end of the last World War. This situation is characterized by an alarming increase in unemployment, stubborn inflation, extremely low growth-rates, erratic monetary fluctuations and high public debt.

Moreover, the de facto insolvency of an increasing number of important debtor countries is seriously threatening the stability of the international financial and banking system, and introduces a further element of uncertainty in international economic relations.

In these circumstances, it is hardly surprising to find that world trade is showing signs of stagnation, whereas it had not ceased to grow, both in volume and in value, up to the beginning of the present decade.

These difficulties and the resulting uncertainties for traders have had the effect of making competition on foreign markets increasingly hard.

At the same time, faced with the difficult and sometimes painful adjustments necessitated by the changes in the structure of international trade, many countries, whether industrialized or not, are seeking to protect their producers by adopting protectionist measures or to secure better market outlets by resorting to massive export subsidies which distort free competition.

In view of the extent of the recession, such reactions may appear understandable in the short term. But in reality they call in question again the very principle of free trade, which is the basis of the system that has governed our trade relations for more than thirty years and remains one of the essential conditions for the prosperity of our countries.

My country, like its partners in Benelux, is deeply attached to the maintenance of an open economy and the preservation of freedom of trade. That is why the Heads of Governments of the Benelux countries have recently strongly reaffirmed their anxiety at the rise of protectionist forces which constitute a grave danger for economies that are essentially dependent on the freedom of world trade.

It is therefore incumbent on us today to reaffirm at the highest level our confidence in the value of a multilateral system that operates satisfactorily and effectively, and our political will to resist measures and arrangements not in conformity with the rules of the General Agreement, which restrict the free circulation of goods and services and promote the isolation of markets.

If we wish the multilateral system to continue to govern the operation of international trade satisfactorily, it must fulfil three conditions:

1. First of all, it must be equitable. The GATT contract must, indeed, ensure a fair balance between the rights and obligations of the different parties.

But we find that certain parties, which apparently fulfil their obligations under GATT, do not in reality guarantee a sufficient opening of their markets to international competition, and that others do not fully assume, within the Agreement, a rôle corresponding to their economic strength and their degree of development.

In this connection, it will be for us to enter into the necessary commitments and take the necessary measures to ensure that each contracting party accepts obligations consistent with its economic possibilities and plays a more active part in the multilateral system of trade.

2. Secondly, the system must be effective and sufficiently transparent, while at the same time controlling the main aspects of the flows of trade. It is therefore urgent that the CONTRACTING PARTIES should study the phenomenon of the so-called "grey areas", which reflect an inadequacy of the rules of the General Agreement with respect to certain demands of international trade. The purpose of this study should be a gradual integration of the "grey area" arrangements into the General Agreement, through increased transparency and gradual submission to multilateral disciplines.

A system which operates satisfactorily will necessarily have to include procedure for the settlement of disputes which, without being excessively legalistic will ensure application of the rules, relying on the political will of States to submit to a multilateral judgement of the way in which they comply with the mutually agreed disciplines.

3. Finally, the system must be general and cover the major part of international trade. In this regard, efforts are needed to achieve better integration of the developing countries into the multilateral trade system and special measures should be taken in favour of the least advanced of those countries. In an interdependent world, developed and developing countries have every interest in seeking jointly, in a spirit of solidarity, lasting arrangements for extricating the world economy from the grave recession it is now suffering.

Together with its partners in the European Community, Luxembourg here publicly reaffirms its will to participate fully in a political exercise that is well balanced and beneficial to all the parties concerned, with a view to safeguarding and strengthening a multilateral trade system that can ensure, in the future, the necessary growth of trade in security and freedom to guarantee our renewed prosperity.