

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
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In more than thirty years of common efforts, the CONTRACTING PARTIES to GATT have succeeded in freeing international trade from an incalculable number of obstacles that were hampering it. In doing so, they have contributed to establish the groundwork for unprecedented economic progress. Together we have established, in GATT, the necessary multilateral instruments for maintaining what has been achieved and developing it in the long term.

For some time now we have all been feeling the impact of persistent difficulties in the world economy and their serious repercussions, in particular at the social level. Now, in this situation, should we allow ourselves to be diverted from the multilateral system and resort, in the immediate period, to individual palliatives? The economic effect would be harmful, and the return to growth jeopardized.

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If we want validity to confirm our attachment to the GATT trading system, our political commitment will be convincing and effective only if accompanied by tangible measures. We must therefore complement it by decisions on certain major problems. Our negotiators were right in tackling these questions. They have not solved all of them. This situation shows how seriously they take their responsibilities vis-à-vis their governments. But we, the Ministers, are responsible vis-à-vis our peoples and it is our duty to them to decide.

In this connection, we must concentrate on what is essential, and first of all on the decisive question of safeguard clauses. The concrete extent of trade liberalization depends on proper functioning of the safeguard mechanism. All the efforts made over the past three years and more have yielded no solution to this problem, because the fact is that fundamental options are not negotiable per se. They can only be the subject of a political choice. And it is for us to make that choice, here and now.

Switzerland considers the principle of non-discrimination as one of the pillars of the General Agreement - just like the principle of most-favoured-nation treatment. That is why it remains fundamentally attached to Article XIX which applies that principle to safeguard measures.

Nevertheless, we must be realistic and recognize that in recent years the majority of restrictive measures have been taken on a selective basis. Selectivity is thus already a reality. Should we therefore resign ourselves to the situation - as Mr. Jobert seemed to be suggesting yesterday? That would mean that we would refrain from opposing erosion of the open-trading system. If major countries and groups of countries were to adopt such a fatalistic attitude, how could the others return to the path of virtue?

Our intention is not to absolve what is arbitrary, but to keep control of what is inevitable. The new rules must not abandon an importing country and an exporting country to the relationship of forces alone, but must provide criteria for appeal, and establish efficacious multilateral surveillance for their application. The new type of safeguards must be available, but not become the rule.

In any event, Switzerland would reject any solution allowing selective measures that could be applied unilaterally. Such a solution would not complement Article XIX but would nullify it.

Like the safeguards system, the dispute settlement procedure is an essential instrument for maintaining a balance between the rights and obligations of contracting parties. Its proper operation is therefore of fundamental importance. To that end, it is of prime importance to encourage conciliation and facilitate solution of individual cases. As regards the decision-making mechanism, we believe that consensus should be the rule. But no contracting party should infer that it has any right to block consensus without good reason. The essential condition for this mechanism to function is, nevertheless, that all countries be inspired by the firm political will to abide by the procedures in situations that are often difficult, and to assume the consequences. Without that will, the procedures will serve only to sanction retaliation against infringements. The result would be progressive erosion of the level of liberalization.

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We are all aware of the serious problems facing developing countries. We know, too, that these countries are particularly affected by present difficulties because they are particularly vulnerable. Nor are we unaware of the increasingly important rôle that these countries are playing in the world economy. Yet in the GATT system their status has not kept in step with that trend.

Since yesterday, representatives of developing countries have taken the floor here, one after another, to denounce the protectionism that they are encountering in the industrialized countries.

That is why it seems to us useful to envisage the binding on a contractual basis, of certain elements of the access assured for products of developing countries to the markets of industrialized countries under

autonomous tariff preferences. In our view, the transformation of unilateral privileges into negotiated rights would represent, in terms of security and foreseeability, substantial progress in an uncertain economic context - even though measures in many other areas will also be necessary to solve the problem of development as a whole. Such negotiations would have to be preceded by preparations in depth in order to define the rules to be followed for achieving a new form of equilibrium taking account of the particular situation of the developing countries without envisaging reciprocity of the conventional type, thus giving a more concrete content to the principles of special and different treatment. These pre-negotiations would establish a favourable climate of confidence and would furnish, for our economic circles, justification for maintaining and, still more important, improving the treatment afforded to imports from developing countries. In the present situation, it seems to us important to increase the resources available to developing countries for financing their indebtedness out of export earnings by augmenting their purchasing power.

That is why we should like to spell out in more detail the mandate in paragraph 5 on the section on "GATT rules and activities relating to developing countries". Accordingly, the Committee on Trade and Development should examine in which areas, by what methods and when a firmer contractual basis could be given to the preferential régime applicable to trade relations between developing and developed countries within the framework of the General Agreement. In its conclusions, the Committee would define adequate rules for effective future negotiations between developing and industrialized countries that would take account of the legitimate interests of all the countries participating in them.

With respect to agriculture, Switzerland recognizes that its fuller integration in the multilateral trading system would be desirable. To that end, my country is ready to participate in frank and open discussion of problems that arise in regard to market access, supply and competition. If they are to be realistic, however, the discussions will have to recognize the specific characteristics of agriculture and not bring into question unilaterally any rights and obligations negotiated at multilateral level.

Protectionism today is no longer limited to setting up obstacles to imports. Aside from defensive measures, offensive measures - and in particular subsidies designed as artificial incentives to exports - are increasingly frequent. When such measures have harmful effects on trade, we must therefore give them our attention in the same way as restrictions because they are incompatible with our obligations and with the general objectives of GATT.

As regards the rules applicable to trade in textiles, we believe it necessary to consider in good time how increased liberalization of that trade could be achieved when the present multifibre arrangement expires. As you know, Switzerland is not just an importer or an exporter of

textiles, but is both of these at one and the same time. Under pressure from considerable imports, free of all restrictions, it has accepted far-reaching structural adjustments. Having regard to these sacrifices, it is disappointing to note that the markets of some of its suppliers are still closed to the specialities that Switzerland now contents itself with exporting.

Lastly, I think it is beyond dispute that, more and more, international trade is spreading to new areas. In these conditions, it seems to us logical, from the Swiss point of view, to envisage the possibility of making good use of GATT's experience and resources in new sectors such as that of services. We are, therefore, in favour of the proposed study on that subject, because when the time comes a factual analysis of the problems and interests involved would facilitate any negotiation of the rules deemed necessary in this regard.

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As I have said, Switzerland is ready to contribute its share to collective and efficacious action. In order to achieve the result that the trading community is entitled to expect from us, this conference must without fail reverse the protectionist trend. We shall succeed in doing so together or not at all.