

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)141
November 1982

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

Original: English

STATEMENT BY MR. RICHARD HLAVATY,
VICE-MINISTER OF FOREIGN TRADE OF CZECHOSLOVAKIA

We have met at the ministerial level at a time of increased international tension in a difficult world economic situation. This state of affairs has negative impacts on world trade and has resulted in protectionist measures which are detrimental to the interests of all groups of States, including those who are in no way responsible for the existing situation.

We have now to adopt, at the level of Ministers of the contracting parties, measures which should contribute to solve the problems confronting world trade today and thus test the efficiency of the multilateral trading system. However, first of all, we should reaffirm that the primary condition of any further expansion and strengthening of international economic co-operation is namely a strict adherence to the recognized principles of international trade by all those involved.

We have a genuine interest to dynamically widen and expand our economic and trade relations with all countries of the world, in a climate of stability and on the basis of mutual advantage and non-discrimination. Our effective participation in GATT activities since the foundation of this organization is a proof of this trend in our foreign trade policy. In the course of the last years, we have taken a number of measures in order to facilitate trading conditions with GATT contracting parties and to solve concrete problems which have arisen therein.

In my country's economy foreign trade plays an important rôle. The unfavourable economic situation on the markets of the majority of the contracting parties and the application particularly by a number of Western European countries of various protectionist trade policy measures of a discriminatory nature, have substantially impaired the terms of access of our goods to foreign markets. As a result, we have not been able to develop our exports to the full extent of our economy's potential. This has a direct impact on our imports, since we can purchase only to the extent of our export earnings.

The increased number and scope of various non-tariff restrictions originate in the non-observance of the basic principles of the General Agreement, in particular of the unconditional most favoured nation treatment. We hold the strong view that in the present difficult international economic situation, this clause plays a decisive rôle in the development of international trade.

A disturbing element is also the erosion of this clause through the expansion of regional blocs and various preferential arrangements and measures taken outside GATT disciplines.

A major obstacle which impedes international trade is protectionist measures applied through bilateral or sectoral arrangements. These arrangements which concern a number of important groups of products, are concluded and applied outside the GATT rules, inhibit production growth and impede necessary structural adjustments. They lead in fact to the non-observance of existing international commitments, to a decrease of the efficiency and to distortion of international trade.

Trade restrictions and discrimination are often motivated not only by economic reasons but very often, namely lately, by political criteria. This approach is inconsistent with the basic principles and objectives of the General Agreement and has a negative impact on the development of international economic relations. We are firmly convinced that political interference into trade relations is inconsistent with international trade and its further development can be achieved to the benefit of all countries of the world, only by strict observance of this principle.

In this respect, I would like to mention the still existing suspension of GATT obligations between Czechoslovakia and the United States of America. This suspension was motivated mainly by unilateral political considerations, was not justified under GATT, and has seriously damaged the development of trade and economic relations between both countries. The credibility and integrity of the GATT would be greatly improved and strengthened if this abnormal situation which has been prevailing for more than thirty years now, was dealt with by the contracting parties.

May I now take a stand on some of the questions which call for a decision on our part. The characteristic feature of present protectionism is a widespread application of quantitative restrictions, very often discriminatory ones and inconsistent with GATT rules, and other non-tariff obstacles which seriously impede international trade. These problems, which have not been solved at the Tokyo Round, require priority attention and should be effectively dealt with by the contracting parties. We hold the firm view that we should adopt measures aimed not only at examining the status of obstacles including their conformity with GATT provisions, but also at their elimination.

The problem of safeguards is no less important. The main goal in this respect should be to maintain and strengthen the basic principles of GATT, i.e. to promote liberalized and non-discriminated international trade. Our meeting should set the basic principles and time-frame for negotiations on this matter.

In order to strengthen confidence of contracting parties in the multilateral trading system, it appears essential that there should be, within the GATT, an equitable and reliably functioning mechanism of dispute settlement. This calls for an improvement of the relevant procedures and of their application, particularly of those related to the consideration by the Council of panels' findings and recommendations.

A number of problems has arisen while implementing non-tariff agreements negotiated within the Multilateral Trade Negotiations. When implementing the Anti-Dumping Agreement for instance, we meet with difficulties stemming from the non-observance or from an autonomous interpretation of this Agreement. We expect these problems to be effectively dealt with and solved, and conditions established for a wider participation in these agreements by all interested countries.

Measures taken in favour of developing countries, particularly with respect to the least-developed ones, should permit these countries a much broader and effective participation in international trade and a greater rôle in the existing trading system. In this respect, attention should be paid to the removal of obstacles impeding their wider participation in various non-tariff agreements and to improving disciplines in the application of GATT rules to them.

If I did not speak of all the problems contained in the Ministerial document this does not imply a lack of readiness on our part to deal with them and to participate in further negotiations and to look for solutions which would be acceptable to all contracting parties and would be consistent with the rules and principles of GATT.

If we all strive to implement what we agree upon, guided by a sincere wish to reach best results, it will not only foster the development of international trade, but also greatly help to improve the overall international climate.