

GENERAL AGREEMENT ON TARIFFS AND TRADE

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OPENING STATEMENT BY THE HONOURABLE ALLAN J. MACEACHEN,
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This is a crucial meeting. We as Ministers of the contracting parties are meeting for the first time since 1973. This is a critical time in international economic relations. We share common concerns about the implications for the trading system of the very difficult economic times we are all experiencing. We recognize the importance of trade in contributing to economic recovery. We must respond to the challenge.

The expansion of international trade has provided a vital dynamic for economic growth since World War II, far outstripping the growth of production. Export opportunities, and the spur of competition, have encouraged our domestic producers, in resources, in manufacturing and in agriculture, to seek out the fields to which they are best fitted. Increased trade has given our peoples choice and value which they could not otherwise have enjoyed, and has helped to carry forward the development of our economies.

It is the multilateral trading system that has made this possible. It must be preserved and strengthened. It needs improvement so that it can continue to protect and promote our interests.

As contracting parties to the General Agreement on Tariffs and Trade, we share a vital common interest in maintaining an open trading system. The results of the Tokyo Round which are being implemented, significantly liberalized international trade. However, the General Agreement, the contract which underpins the system, is today manifestly under strain. We come from developed and from developing countries. If we are to have the trading opportunities that all our countries will need in the years ahead, we must respond constructively to the threats to the international trading system, decide on the measures necessary to relieve the pressures upon it, and adapt it to changing needs.

All of us, whether from developed or developing countries, know that the multilateral trading system needs further strengthening and improvement. We want to see GATT evolve, to see it respond to our real needs.

We meet at a time of grave difficulty for the world economy. Our countries differ greatly, but virtually all are experiencing low or even negative growth, unemployment, stagnant investment and continuing inflation. Many of us - and I am thinking particularly of the developing countries - have very large external debts and balance-of-payments deficits. Prices of the primary products on which many of our countries depend to earn their way in the world are deeply depressed. The recession is exerting pressures upon us all and threatens to undermine the trading system on which so much of the economic progress of the past generation has been based.

The symptoms of the strain are well known. The current protectionist pressures on our governments are intense, and we have not always proved able or ready to resist them. In some cases actions have been justified and applied under the agreed rules. Too often, actions in restraint or distortion of trade have taken forms not envisaged by the GATT rules or consistent with the spirit which underlies them. The result has been to undermine the effectiveness of the existing GATT framework and our confidence in it. Protectionism is contagious and counterproductive as a means of achieving recovery. As the IMF Interim Committee warned at its meetings a few short weeks ago, protectionist policies, by obstructing international trade are ultimately destructive of employment and, by undermining efficiency, they exacerbate inflation.

The number of disputes brought before GATT has multiplied, but some of them have not been satisfactorily settled. This has produced additional friction and strain.

As we begin this important conference, I need not emphasize our collective responsibilities in managing international trade relations. No doubt, there will be differences in our assessment of problems and priorities. Some will stress that protectionism thwarts economic recovery, while others may argue that present protectionist pressures are mainly an inevitable consequence of the present economic recession. Many will have in mind the monetary and other economic difficulties, beyond the scope of trade policy, which bedevil the efforts of our governments to hasten economic recovery. We would, however, fail in our duty if we did not, in this GATT meeting, make the most determined efforts to improve the trading system so that it can make its essential contribution to recovery.

Here lies the challenge: to strengthen and adapt our co-operation in GATT in the interest of each of us.

We need to look ahead, to seek solutions to long-standing and deep-rooted problems. We need to construct, not to recriminate. All of our countries rely, for their economic progress, on the continuing flow of international trade. We are too interdependent in the multilateral trading system to have any real alternative to a continuing co-operation in GATT, and a continuing dedication to liberal trading policies. Governments

are not pleased with what is going on. Neither is the business community. As for the people of our countries - they want a signal from these meetings. It is up to us to respond.

So, the task of this meeting is not easy, but the task is clear. We know the issues. We are here as Ministers. We must exercise political judgement and commitment as we seek, together, common understandings of our present difficulties. Together we must reach decisions fully aware that the credibility of our work here will be ultimately judged by our actions.