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I am pleased to be able to participate in this first GATT Ministerial meeting since 1973.

The Ministerial Declaration before us, in its diagnosis of the problems besetting the world trading system, has dealt with them somewhat extensively, and it would only be necessary for me to underline a few of them. The picture that emerges is of a world that is in deep recession, a world of sharply reduced or negative growth rates, stagnation in world trade, resurgence of protectionist pressures, high and rising unemployment, high interest rates and fluctuating exchange rates. The scenario facing developing countries is more grim, with collapsing commodity prices, more restrictions on their exports of manufactures, greater difficulties in access to capital markets, and reduced aid, whether bilateral or through multilateral institutions. The steep decline in commodity prices which are at their lowest level in real terms in the past thirty years has particularly affected Sri Lanka. The extent of the deterioration in the terms of trade of developing countries can be gauged by the fact that a country like Sri Lanka now needs to sell 13 tons of tea to buy one tractor, compared with only 5 tons a decade ago.

In addition, the proliferation of measures of a protectionist nature has stifled, in particular, the growth of manufactures from developing countries. There is a "new protectionism" which is creeping in on the world economy, a protectionism which relies on greater recourse to bilateral procedures. This growing bilateralism has served to emphasize the disparities in the relative bargaining strengths of trading partners, and led to a perhaps even greater degree of discrimination in the trading system than had been apparent in much of the post-war era. The actual conduct of international trade relations has moved a long way from the basic philosophy upon which the multilateral system was based and embodied in legal form in the GATT. This movement has been in the direction of "managed" or "administered" trade through a variety of mechanisms. Our efforts must be directed towards reversing the tendency towards protectionism and to return to the first principles of the GATT system, i.e. multilateralism and non-discrimination. One is ominously reminded of the economic nationalism of half a century ago by the increasingly strident references to "reciprocity" and "retaliation". I, therefore, feel that this meeting of Trade Ministers has come not a day too soon. This is the time for all of us to unequivocally declare ourselves against protectionism in all its forms - because it affects all countries, big and small, irrespective of whether they are of the North or South, the East or West.

When I speak of multilateralism and the open trading system I am not speaking of this as an abstract or theoretical concept. Five years ago Sri Lanka consciously and deliberately embarked on a new economic course and adopted a liberalized trading system. We did not wait for the external economic environment to improve before embarking on this strategy. Private investment both foreign and domestic has been encouraged and given ample scope, security and incentives. We have vigorously pursued export diversification by reducing our dependence on three primary export products. The services sector has been expanded. The accent and emphasis has been on rationalizing, improving efficiency and enhancing productivity. As a result, the growth rate has more than doubled and unemployment has been reduced by half. We have made progress, but the full benefits of our policies could not be reaped by us. Why? We are meeting an increasingly inhospitable external economic environment which includes a stubborn resistance to structural adjustment, accompanied by increasing protectionism. This is clearly apparent in the trade in textiles and garments where Sri Lanka - a newcomer and small supplier - is under restraint in a number of important developed country markets, whilst trade in textiles and garments between developed countries goes on unrestrained. It seems ironical that structural adjustment has perforce to be undertaken by countries like mine, which are not only the least able to do so, but which have not yet even set up structures to adjust from.

As regards the priorities for co-operation in the 1980s, we feel that special emphasis should be placed on the needs of the developing countries, and on efforts made to ensure the fullest implementation of Part IV, in view of the critical economic situation of most developing countries. The incorporation of Part IV to the General Agreement in 1965 was a recognition of the fact that the developing countries required preferential and non-reciprocal treatment. Despite the passage of nearly two decades since its adoption, the provisions of Part IV have not been implemented fully or effectively. Exports of developing countries continue to be faced with serious barriers in the markets of developed countries. Many of the restrictive measures maintained by several developed countries are inconsistent with the provisions of the General Agreement, and in some cases of a discriminatory character against developing countries. This, in spite of the fact that developed countries are committed in principle to discrimination in favour of developing countries, by way of differential and more favourable treatment of their trade. It must be accepted therefore that all existing measures whether unilateral, under bilateral arrangements, or multilaterally negotiated instruments, which in effect discriminate against developing countries are contrary to the letter and spirit of the commitments contained in Part IV, apart from being inconsistent with the general provisions of the GATT. We, therefore, consider that the GATT system should pay greater attention to the fulfilment of the commitments made in favour of the developing countries but which are still left outstanding. Such commitments include the 1963 Ministerial Declaration and the 1979 GATT Work Programme. The GATT should concentrate on matters which are clearly within its competence, mandate and jurisdiction and not seek to enlarge the scope of the General Agreement.

We find the document before us is very strong on diagnosis, though we would have liked it to have been equally strong on commitments. The document reaffirms previous commitments, yet the language is weaker than in previous Ministerial Declarations, including the Tokyo Declaration. We trust that these commitments will not remain commitments on paper, and that they will be kept in mind in the implementation of trade policy. The lack of any agreement on safeguards even though it had a place of priority in the 1979 Work Programme is unfortunate, and weakens the commitments. There are no new commitments to assist developing countries, only the reiteration of previous commitments.

I am also not sure whether trade issues can be dealt with in isolation. Trade and payments issues are clearly related, and sometimes protectionism and exchange rate policies are directed to the same purpose. We would welcome the further examination of the effects of action in the financial and monetary fields on the trading system.

We should in this period of crisis strive to reverse the distortions and violations that have crept into the multilateral trading system. We should discard "beggar my neighbour" policies and try to create a system in which comparative advantage plays a more important rôle in production and trade decisions. In looking to the future we must seek to adopt more liberal and outward-looking policies that will stimulate the growth of world trade, which in turn will act as the "engine of growth". This can only be achieved by a return to the first principles of the GATT, accompanied by a greater consciousness of the increasing rôle that the developing countries must play in the system.