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1. It is a great privilege for me, as the Secretary-General of UNCTAD, to address this Ministerial session of the CONTRACTING PARTIES of GATT. This meeting convenes, as many speakers have remarked, against a background of recession and crisis in the world economy that is without precedent since the 1930s. There is also growing concern about the workings of the international trading system and about its future. All this gives particular importance to this meeting. It could indeed be the first collective attempt, through action in the field of trade, towards reversing the downward spiral that has gripped the world economy in recent times.

2. I believe it is important to underline that successful action in the field of trade, in the area of fighting protectionism and indiscipline in the trading system, is crucially dependent on parallel actions to stimulate recovery and growth in national economies. We have to avoid a conflict of policy which seeks, on the one hand, to improve and liberalize trade but which tends, on the other, to encourage an overall environment which is inherently hostile to such action. It should be recalled that the multilateral trading system, as embodied in the General Agreement, was never intended to function in isolation. It was to have been supported by other mechanisms and systems - those developed at Bretton Woods and Havana. Today the common approaches of full employment, currency stability and the transfer of resources to developing countries have unfortunately been weakened, if not abandoned altogether, with the result that the multilateral trading system is in disarray and is facing strains which are exceptionally severe. This has been translated into a crisis of confidence in the system itself which threatens not only to aggravate the crisis but also to make recovery even more difficult. What is more, the fundamental principles and contractual obligations within which international trade relations are conducted are being undermined. This is why I would like to see this Ministerial session represent a turning point in the area of policy, both nationally and internationally.

3. The world economic crisis has had a severe impact on the industrialized countries, resulting not only in inflation but also in a slowing-down of growth and in mounting unemployment. But it has had a devastating impact on the developing countries, leading to negative per capita growth in far too many of them, to a collapse of commodity prices unparalleled in a whole generation and to a burden of external indebtedness that has been quite unknown before. In addition, the dampening of demand has led to an intensification of trade barriers to their exports, often of

a discretionary and discriminatory character. The remedies that are needed have to attack all these problems. But what we need to appreciate in this context today is the contribution which the developing countries have made and can make to the strength of the world economy and hence to the recovery of the industrialized countries themselves.

4. The developing countries are avid importers because of the very imperatives of the development process. Whatever the character of their trade régimes they tend to spend whatever external resources they can acquire, whether through trade, aid or borrowing, on imports from the world outside. The faster the growth of their economies and the stronger the flow of external resources to them, the greater will be their contribution towards sustaining world demand and hence world trade. The gains to the developed countries from this process are quite significant. For example, over the period 1973 to 1981, 30 per cent of the incremental exports of the industrialized countries went to the developing countries, a proportion that has doubled in comparison to the preceding ten-year period. In fact, it is widely recognized that the import demand generated by the developing countries has been one of the few elements of strength and dynamism in the world economy.

5. But despite all this, the trends and actions of the recent past in respect of trading possibilities have been particularly severe on the developing countries as also, I would say, on the socialist countries and the smaller trading nations. In precisely those fields where the very dynamics of growth have resulted in the creation of new capacities, these countries have tended to encounter increasing obstacles in their access to markets. This is serious in itself not only because it frustrates the development process and their integration in the international economy, but also because it leads to a lack of confidence in the system itself.

6. One cannot help noticing the change that has taken place in perceptions and attitudes. In the early years of UNCTAD it was argued with much force, and the argument was generally accepted, that the developing countries needed to be treated preferentially in the area of world trade. Indeed, this sentiment was reflected in the declaration adopted at the last Ministerial meeting in Tokyo in 1973. Today, the developing countries face a different atmosphere. Too often, it is taken for granted that trade barriers will be intensified, rather than be liberalized. The primary concern seems then to avoid being the first to be singled out for protective action. Of course, the world economic situation has deteriorated considerably, but a continuation of the defensive and diversionary approaches which have contributed to this deterioration will only make the situation worse.

7. The cure to a breakdown in disciplines should be to improve the rules, not to relax them. The solution to unfulfilled commitments is not simply to write them off. In the present circumstances it seems that the commitments, particularly those made in favour of developing countries, are

unfortunately the first forgotten. More specifically, the drift towards discrimination should be reversed, not simply legalized through the acceptance of concepts such as "selectivity". As for developing countries, the commitments in their favour, including the improvement of access for their exports on a non-reciprocal basis, should be fulfilled, not modified unilaterally. Discrimination against developing countries will not lead to increased production and employment in developed countries but merely serve to postpone urgently needed structural adjustment. Extracting trade concessions from developing countries will not result in increased exports to them, but might even have the contrary effect if the conditions for sustained development are not created. Already there is a massive deficit in the trade in manufactures of developing countries with the industrialized countries. Between 1973 and 1981 the deficit rose from \$37 billion to \$185 billion, representing in the latter year a spending by developing countries in industrialized countries of 80 cents in every dollar of the growth in their imports. Today the developing countries export \$64 billion of manufactures to the industrialized countries. But their imports of manufactures from these countries amount to \$249 billion.

8. New concepts such as graduation and selectivity have arisen which are alien certainly to the earlier approaches, and which modify principles of the system outside of a thorough-going appraisal of their relevance and rationale. What is disquieting is not just that new concepts should emerge, but that they be introduced outside of an agreed assessment of their validity, their rationale and their implications.

9. I believe, that this Ministerial session of contracting parties would make a major advance if it not only arrests the drift but also reverses the trend that we have been witnessing towards protectionism and towards discrimination, bilateralism, conditionality and harassment, trends which unfortunately have come into increasing evidence in recent times, and which are clearly against the interests of all countries. This would contribute to a process of putting into place a secure and equitable multilateral trading system that would support and give impetus to the world economy. It is necessary, of course, to deal with immediate problems, but it is necessary also to build an enduring structure for the future. In this regard, it is important to recognize that the problems in the multilateral system have their roots in economic and social stresses arising from shifts in international competitiveness and conflicting national policies. These fundamental problems should be first addressed and analyzed, so that any renegotiation of the rules and principles of the system would be based on a common understanding as to the objectives of such an exercise.

10. UNCTAD as it prepares for its sixth session, looks forward to continued collaboration with the GATT and to making its contribution to the important work that lies ahead. It remains for me to extend to this Ministerial session my best wishes for success in the tasks that it has at hand.