

GENERAL AGREEMENT ON

SR.43/ST/12
21 December 1987

TARIFFS AND TRADE

Limited Distribution

CONTRACTING PARTIES
Forty-Third Session

Original: English

FINLAND

Statement by H.E. Pertti Salolainen Minister for Foreign Trade

Foreign trade is the backbone of the Finnish economy. We are a small trading nation on a global scale, and we are deeply aware of the importance of a stable international economic environment for our growth and well-being. The GATT system has traditionally been one of those elements which we have been used to looking up to in our search for stability and order. Our GATT membership dates back to the early years of the General Agreement, and a keen support for the GATT rules and disciplines has ever since been a permanent feature in our trade policy.

Today, in the aftermath of the celebration of GATT's 40th anniversary, I am pleased to confirm my Government's continued confidence in the positive impact that the GATT system has on international economic relations. I am equally pleased to note that our great common enterprise, the Uruguay Round, has been successfully launched and is making steady progress.

The broader international environment in which the GATT system is operating has recently been affected by severe turbulences, particularly in the financial and exchange markets. The global economy continues to be characterized by persistent imbalances and growth in investments, output and trade has remained unsatisfactory. Uncertainty and lack of confidence have been gaining ground in the minds of the financial and trading communities around the world.

The ramifications of these unfavourable developments have been felt throughout the multilateral trading system, but we have been happy to note, that the General Agreement, together with the dynamics of the Uruguay Round, has been able to exercise a stabilizing influence on these volatile tendencies. It is imperative that we continue to make full use of these precious instruments thereby sending further confidence-building signals to all participants of international trade.

GATT and the Uruguay Round have a crucial rôle to play in the trade sector, but they can offer only a limited remedy to the broader weaknesses of the world economy. In order to achieve lasting results, governments must show greater preparedness to tackle jointly the root causes of the present difficulties. The key issue is to restore confidence in their

willingness and ability to act to that effect. An immediate and indispensable task is to correct existing imbalances with better co-ordination of fiscal and monetary policies. This basic message was loud and clear in many of the presentations we were privileged to hear yesterday during the anniversary celebration and we can fully subscribe to that prescription.

Our general view is, that the Uruguay Round has kept its momentum well and that the credibility of the enterprise has remained good throughout the initial negotiating phase. An orderly transition to the subsequent stages of the Round is under way, and we believe that a good basis for further work has already been established in most of the areas covered by the Punta del Este mandate.

We are also rather satisfied with the way in which the standstill and rollback provisions of the Ministerial Declaration have so far been implemented. These are crucial factors affecting the overall image of the Round, and it is our common responsibility to safeguard their integrity in the face of persistent protectionistic pressures. We deem it important to underline this responsibility at the present moment, as we are constantly reminded of the threats and dangers around us. A number of trade disputes remain unresolved, thereby putting at risk not only the stability of certain bilateral trade relations but even the progress of the Uruguay Round. Proposals for protectionistic trade measures are still very much alive in many quarters, and the temptations to operate in the grey areas rather than within the provisions of the GATT do not seem to have diminished at all. On the contrary, new bilateral ideas and deals are flourishing - some of them quite important and with repercussions on third countries. We are concerned with these tendencies and, therefore, urge all trading partners to resist them and to seize the opportunities offered by the multilateral machinery in the GATT and in the Uruguay Round.

Next year will be, in many respects, of great importance for the Uruguay Round. We will move from preparatory work and identification of problems to actual negotiations, and - towards the end of the year - we shall reach the mid-point of the Round. Finland, in close co-operation with other Nordic countries, is prepared to step onto the new negotiating phase and provide its contribution to a productive mid-term review of the process. We have already manifested during the initial phase our preparedness to move ahead in all areas and this will be our approach also at the subsequent stages. It would be unwise, in our view, to try to fix - at this stage - very precise targets for the progress to be made by the mid-term review. The important thing is to work hard on all the issues we are facing, keeping in mind the mandates and the negotiating principles embodied in the Punta del Este Declaration.

I make these pledges and observations being fully aware of the multiple challenges which the new Round presents to a country like Finland. This Round is by no means a one-way street for us. Certainly, in a number of areas, we expect to achieve results which will ultimately benefit our own trading opportunities. But at the same time we recognize that there are

many other issues, where we will have to be prepared to accept a considerable burden of adjustment and adaptation. Like all others, we are trying to find an acceptable balance between these conflicting prospects which, admittedly, is a difficult task. Despite this difficulty, we continue to believe that it lies in our long-term, overall interest to work vigorously towards the attainment of the objectives of the Uruguay Round. This attitude is a reflection of our long-standing approach to international affairs: we believe in multilateral co-operation and acknowledge the great merits of internationally agreed rules and disciplines.