

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### SWITZERLAND

#### Statement by H.E. Mr. David de Pury Ambassador, Federal Council Delegate for Trade Agreements

As we meet here for the forty-third session of the GATT CONTRACTING PARTIES, my delegation notes that there is a consensus on the situation of the international economy, on the problems that are worrying us and on the need to remedy them, not only in order to preserve adequate growth of the world economy but also to ensure that it has a balanced future. This convergence of views at the political level seems more marked today than even a few years ago. A spirit of willingness to co-operate and take concerted action now prevails, and we welcome it.

And yet, the threats looming over our common economic future are today more serious than a year ago, when the Uruguay Round was launched. For all kinds of reasons relating to the political difficulty of implementing the autonomous or concerted measures considered to be necessary, the action to be undertaken has nevertheless remained at the embryo stage. The signals which the markets are waiting for have either not been given or have been given in too unclear or inadequate a manner.

The worrying instability and volatility of the stock, financial and currency markets which we are witnessing today are a clear sign that the time has come to act. We have another sign in the decline in corporate investment in industrial countries since 1985. The debt crisis in which part of the developing world is plunged and the striking contraction in those countries' imports are affecting the functioning of the world economy as a whole, and also call for our concerted action. Finally, the strong protectionist pressures in the industrialized world and the heightened tendency towards bilateralism and sectoralism are further harbingers of imminent danger.

The time has come to act in a clear and credible manner:

- firstly, by corrective action on the macro-economic imbalances so as to promote a better distribution of growth;
- and secondly, by a determined policy of liberalization of trade in the widest sense of the term, which will exert its effects at the micro-economic level. The growth effect stemming from structural policy action cannot be over emphasized.

Two-fold action of this kind must therefore be decided upon as a matter of urgency, for example with a view to a new Louvre-type agreement.

First of all, it is essential to ensure the convergence of our economic and monetary policies and our trade policies. The interdependence of the action taken in each of these spheres means that it is important to ensure that our governments do not implement measures that cancel each other out. It is also essential to promote greater coherence between the Uruguay Round negotiating process and the substance of our national economic and commercial policies. The Uruguay Round is not an academic exercise but part of a setting on which it must exert a positive influence.

This is the spirit in which GATT's work must be pursued, and in which the Uruguay Round holds out real possibilities of improving the situation. With regard to the ongoing negotiations, we note with satisfaction today the progress accomplished since the adoption of the Punta del Este Declaration. Work is advancing satisfactorily, and we must highlight the great effort made by participants to contribute to the discussions on a genuinely multilateral basis. It is heartening to observe that substantive proposals have been tabled in almost all the negotiating groups. The negotiations are thus well underway, even if in most areas we have not yet begun a real process of bringing our positions closer together: on many major issues they remain very far apart. Thus, the hardest part still lies ahead of us. We must remain fully aware of this, in the interests of the negotiations themselves.

That is why, in the view of the Swiss delegation, the pace of work should be stepped up, and greater resources should be devoted to it. The difficult economic context holds challenges which must be taken up, and which clearly call for an intensification of our work in the framework of the Uruguay Round.

In this context, we must keep in mind two constraints which may at first sight appear contradictory:

- Firstly, the negotiations must avoid becoming bogged down. They must be based on definite deadlines and signs of progress, otherwise they will be overtaken and even swamped by the worsening international, economic and trade situation.
- The second constraint is that the negotiations must go deeper, especially - and this is crucial from the standpoint of Switzerland - as regards the reshaping of the multilateral trading system. This is a subject which it would be serious to neglect. The Uruguay Round will not meet our expectations if it fails to attack the Number One problem of the trading system, namely the inadequate and outmoded nature of some of the rules of the game - for example, the safeguards clause. The General Agreement must be revised so that at the same time it can be effectively expanded. This solid basis of the General Agreement is necessary in order to allow, to frame and to ensure a new substantial and lasting liberalization.

For Switzerland, a Ministerial meeting for the purpose of a mid-term review towards the end of 1988 is highly desirable. In our view, such a meeting could:

- firstly, show the outside world that the Uruguay Round is advancing and that the deadlines contained in the Punta del Este Declaration (1990) will be observed;
- secondly, put into effect, on a provisional basis, some "results" already achieved by that stage in the negotiations;
- thirdly, overcome any deadlocks that might have arisen by then in the negotiations.

For this mid-term review to be a success, the substantive negotiations must as of now, and until then, progress as dynamically and as profoundly as possible in all groups.

We must avoid, at this stage, diverting our efforts towards the negotiation of a list of subjects for which results must necessarily be achieved already by the end of next year. The principle of globality made success possible at Punta del Este. That same principle will guarantee the success of the mid-term review and of the final package.

The crucial importance we all attach to the Uruguay Round should not make us overlook or forget the functioning of GATT right now. Broadly speaking, the Swiss delegation notes that a large number of contracting parties are not carrying out the purely formal obligations they have incurred, in particular as regards notification, in the area of subsidies, for example. This laxity is an ill omen for the efforts we are making to strengthen the General Agreement. There is a more serious matter: the fact that certain contracting parties cannot pay their financial obligations to our organization, for reasons that have nothing to do with cash problems. This is another inconsistency which we must put right if we are to strengthen the credibility and scope of our actions.

Finally, to end on a more positive note, I should like to highlight the increasingly frequent use made of the dispute settlement machinery of the General Agreement. This is not merely a reflection of the serious trade tensions existing throughout the world today but also a sign that contracting parties are regaining confidence in an important GATT tool.

I should not like to conclude without expressing my delegation's gratitude and admiration for the remarkable work you have accomplished competently and patiently throughout this year. I also wish to thank the Director-General and the secretariat for their remarkable efforts both in connection with the Uruguay Round and in the everyday work of GATT.