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CZECHOSLOVAKIA

Statement by Mr. Jirf Nĕmec Deputy Minister of Foreign Trade

The Czechoslovak delegation agrees with the assessment of the international economic situation made in the Chairman's opening statement.

In the current situation it is imperative that appropriate steps be taken both in the field of macro- and micro-economic policies to achieve improvements in the current trading environment. Contributions to economic growth should be made through reform of the international monetary system, greater exchange rate stability, adjustments in domestic economies and reasonable trade policies. A more vigorous rôle should be played by the multilateral trade negotiations in fighting protectionist pressures and dealing with current trade tensions and frictions. The adherence to GATT rules and principles is important for progress in the existing world trade situation.

The multilateral trade negotiations have got off to a relatively efficient start, but the most difficult part - the formulation of concrete negotiating proposals resolving the fundamental problems of the trading system - is yet to come. A priority task in this process is to make sure that the standstill and rollback commitments are observed. They are an essential prerequisite for the success of further negotiations. Of a particularly urgent nature is also the need for progress in the area of safeguards.

Czechoslovakia continues to support the multilateral trade negotiations. The reasons which compel our support have not changed. Market access, and the strengthening and clarifying of the multilateral disciplines which would ensure equal and non-discriminatory treatment are of major importance to all contracting parties and should be the central issues of the Round. The unconditional most-favoured-nation treatment has served world trade well both economically and politically. Its application should remain the keystone of the GATT rules and GATT trading system and be the fundamental principle for conducting the multilateral trade negotiations.

There is also need for adequate attention to the normal functioning of the GATT mechanism during the long process of multilateral trade negotiations. The normal GATT work has to continue, and its outcome can be useful for the negotiations in the different negotiating groups.

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GATT has provided during its existence - the 40th anniversary we celebrated yesterday - the necessary stimulation of world trade and has established the system of multilateral rules through which most trading countries bind their trading interests in a treaty. Under the GATT system, market access has been improved, particularly through tariff cuts. GATT also provided in its younger years a reasonable measure of stability and predictability. However, GATT activities have been accompanied also by shortcomings. The adherence to fundamental GATT norms has weakened. The increasing discrimination, the growing use of non-tariff measures, the refusal to accept the shifts in comparative advantage, the implications of practices damaging non-discrimination are among the elements which contributed to the progressive erosion of the GATT system.

The crucial problem facing GATT today is the degree to which the GATT system can be strengthened and its credibility restored. Failure to deal with it is a prescription for escalating troubles and supporting the tendency of splitting the multilateral trading system into regional blocs.

Czechoslovakia is a founding member of GATT. As a smaller trading country dependent on foreign trade, it has devoted its efforts towards strengthening the open, rule-oriented and non-discriminating trading system on the basis of moderation and with the objective of arriving at practical solutions through the broadest possible consensus.

GATT membership facilitated integration of my country into world trade and provided a framework for commercial advantages as well as new market openings both for Czechoslovakia and its trade partners. However, GATT has not been successful in fully assuring non-discrimination, and my country still suffers from some discriminatory restrictions directed against its exports and imports by some contracting parties. We expect, that the commitments to non-discrimination will be fully honoured.

Since 1951, GATT obligations between Czechoslovakia and the United States have been suspended. Czechoslovakia is ready to resume these obligations and is convinced that the improved international relations as well as improved bilateral relations between the two countries should facilitate this step. The resumption of GATT obligations between Czechoslovakia and United States would contribute to maintaining the integrity of GATT in its application to trade among all contracting parties.

My Government is now actively engaged in the process of restructuring the economic mechanism, the basis of which lies in increasing further the independence, powers and responsibilities of enterprises and enhancing the rôle of economic and financial instruments. This reform undoubtedly will enhance Czechoslovakia's economic and trade relations with contracting parties.