

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### KOREA

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At the outset, I would like to join previous speakers in celebrating the 40th anniversary of the GATT which has been a vital dynamic for the last four decades in promoting world economic growth through expanded trade. Indeed, the GATT accomplished a lot to prove the thesis that free trade is the key to global prosperity.

However, dire warnings that a difficult period of instability might be around the corner alert us to watch out and keep moving. Three plagues in the current world economy - proliferation of protectionism, instability of exchange rates and the seriousness of the external debt problem - have worsened the trading environment only to heighten the uncertainties in the world economy.

Many countries, especially developed countries, under the sway of protectionists, are taking measures deviating from the principle of free trade. Those developed countries have shown a tendency to resort increasingly to bilateral negotiations or regional agreements in search of solutions to their trade problems. The so-called grey-area measures such as VERs and OMs are on the rise at an alarming pace. Major trading nations engage in a number of bilateral trade disputes which often provoke retaliations. My delegation believes that such protectionist trends are rooted in the persistence of imbalances in the world economy and disregard for the principles and rules of the GATT.

Despite ongoing efforts to co-ordinate macro-economic policies among major economic powers to improve this situation, no agreement is in sight on joint action to solve these economic and trade problems. Nor has the GATT effectively adapted itself to the changing world economic environment. It has revealed its own limits in tackling these problems.

There is a growing concern over deepening instability in the wake of the recent stock market crisis unless such a world-wide proliferation of protectionism is stopped and unless macro-economic solutions encompassing both trade and monetary aspects are brought about.

At present, my delegation believes that there seems to be no other alternative but to promote world trade more efficiently under the strengthened multilateral trading system based on the GATT. Therefore, every contracting party should share greater responsibility to make the

ongoing Uruguay Round a success. In light of this, it is a consolation to us that for the last several months the negotiations have made smooth progress with all the participants actively co-operating. It is also noteworthy that in recognition of the complexities of the current world economy, the discussions on strengthening the relationship between the GATT and other international monetary and financial organizations have taken place.

The Uruguay Round, however, faces many challenges. My delegation cannot but worry that hard-won results of the Uruguay Round might be offset by protectionism, if left unchecked. We have seen many countries adopt restrictive measures in violation of the standstill commitment. Negotiations for rollback have not been fruitful up to now, either. Such trends, going against the spirit and objectives of the Punta del Este Declaration, undermine the credibility in the Uruguay Round itself.

In this regard, my delegation views that the task of paramount importance before us is to restore credibility among participants. To that end, it is a prerequisite for all the participating countries to re-exert a more determined and stronger political will.

As the deviation from GATT rules is one of the primary causes aggravating the trading environment, the negotiations should proceed in strict observance of the basic principles of the GATT, including non-discrimination. At the same time, developed countries with greater responsibilities in the world trade should improve the atmosphere of the negotiations in adherence to the principles and rules of the GATT.

In light of the importance of the active participation of developing countries, the Uruguay Round should put particular emphasis on pending issues such as safeguards, market access, textiles, anti-dumping and countervailing duties. Also, in the negotiations on the new issues such as trade in services, trade-related investment and intellectual property rights, those countries' special situations and interests should be fully reflected.

Despite its own economic constraints and huge external debt, Korea has been faithfully pursuing trade liberalization by taking steps to reduce tariff and non-tariff barriers, to open the services market and to protect intellectual property rights. My Government will continue to carry out its autonomous liberalization plan as scheduled.

In view of the rapidly deteriorating trade environment, we are urged to proceed with negotiations promptly, if possible, within the time limit of four years. Accordingly, negotiations should be speeded up in the areas where problems have already been identified.

We are now standing at a crossroads, either to fall over a precipice of economic hardship by failing to surmount the current challenges in the world economy or to continue our journey towards everlasting growth and prosperity by meeting these challenges.

For this reason, contracting parties should not spare their collective wisdom and political will in order to turn the current hardships and challenges facing us into a precious momentum towards revitalization and a new take-off in the world economy.