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SWITZERLAND

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Switzerland is taking part in this forty-fourth session of the CONTRACTING PARTIES with a feeling both of confidence and of concern.

There is no dearth of grounds for satisfaction if one looks at the developments in international trade during 1987 and 1988. The expansion in trade volume in 1987, after five consecutive annual increases, has brought trade to a record level some 25 per cent higher than during the recession of 1982. At \$2,475 billion, the value of exports has also reached a record level. The results for the first half of 1988 suggest that volume growth in 1988 will be similar to 1987. It should be noted in this context that most contracting parties have profited from this favourable trend. Thus, the situation of the fifteen most heavily-indebted developing countries has improved. Their exports are estimated to have risen by 10 per cent and their imports by 7 per cent. With regard to agriculture, it is heartening to see that while production has decreased for the first time since 1950, the volume of trade in agricultural products has risen by 4.5 per cent, its best performance since 1981.

Despite the positive picture I have just drawn with regard to recent trends in the international trading system, a number of rather disturbing facts must not be overlooked. Thus, the modest results achieved by many developing countries on the export side is a black mark which we regret equally deeply. More generally, mention must also be made of the persistence of protective measures in many countries, only too often for dubious reasons, implemented outside the GATT and selective, opaque and discretionary in nature.

With regard to GATT's regular activities, the balance sheet is rather positive. The "ordinary" GATT functions relatively well. Special mention should be made of the dispute settlement machinery which has been significantly revitalized side by side with the negotiating process, thus testifying to its usefulness and scope. As far as the Codes are concerned, the entry into force of the improvements and extensions to the Agreement on government procurement in February 1988 and the progress in the negotiations under way in the Committee on Technical Barriers to Trade and the Committee on Government Procurement are a matter of satisfaction. In addition, the fact that many contracting parties are not signatories to the Codes is increasingly seen as a cleavage in the multilateral system, and we hope that contracting parties will take the opportunity provided by the Uruguay Round to redress this state of affairs.

This positive assessment of the functioning of the ordinary GATT should not preclude our recognizing that the multiplication of trade disputes, and the inability of certain GATT rules to prevent the proliferation of measures which hinder rather than help structural adjustment, are evidence of definite shortcomings in the existing GATT provisions and the urgent need to reform the rules of the General Agreement. Discriminatory quantitative limitations on exports and the more aggressive use of anti-dumping and countervailing measures are tangible and regrettable signs of lack of confidence in the GATT multilateral system and the weakness of the governments concerned in the face of protectionist demands from certain sectors of their economy. In addition, some contracting parties maintain a trading system of which import barriers, in the form of tariffs and quotas, are a central feature; the countries concerned justify these measures on balance-of-payments grounds but, maintained on a permanent basis, they constitute excessive protection hindering or delaying the inevitable reform.

The problems I have mentioned represent as many challenges which must be faced in the Uruguay Round to avoid an irremediable erosion of the multilateral trading system based on the GATT. For the Swiss authorities, over and above all the goals we have individually or jointly set ourselves in this Round, this is perhaps the overriding objective of the multilateral trade negotiations on which we embarked some two years ago at Punta del Este: to ensure the lasting survival of a genuinely world-wide multilateral trading system. That survival can only be ensured by adapting the instrument to the requirements of the day: to the new demands of economic coherence and efficiency, but also to the new structures of the world economy. An instrument that is outdated and out of step would not last long and would in practice rapidly give way to regional instruments. But are we then, we governments, going to behave in a way that encourages the development of regional systems and/or the maintenance of a defective world system at a time when the economy has become globalized and therefore, to pursue its growth, vitally needs a world-wide economic system that is as comprehensive as possible?

To meet this challenge, it is essential that the rules of the multilateral trading system be strengthened - I am thinking especially of safeguards and subsidies - and that multilateral disciplines be extended to economic areas which are currently outside the multilateral rules, and here I am thinking in particular of services and intellectual property.

The first years of our work have given us confidence in our ability to take up this challenge that the economy has set us. We hope that the operational stage which we have now entered will bear out our optimism so far. We have the good fortune to be working in a favourable economic context for progress in trade liberalization, but we know that this favourable situation may not be lasting, as the current imbalances may lead us to fear.

As we go into the final stretch leading up to the ministerial level meeting of the Trade Negotiations Committee at Montreal, the Swiss delegation hopes that each one of our delegations will, when adopting its position in each negotiating group, bear in mind the vital stakes in the Uruguay Round negotiations.

We have done very well so far; let us not jeopardize that work by over-estimating the amount of room to manoeuvre available to us.