

# GENERAL AGREEMENT ON

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## TARIFFS AND TRADE

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### UNITED STATES

#### Statement by H.E. Mr. Michael A. Samuels Ambassador, Deputy Trade Representative in Geneva

I should first like to congratulate you, Mr. Chairman. Not only have you served an excellent year as a dynamic Chairman of the CONTRACTING PARTIES, but, in the context of this important meeting, you have set a tone of reality and optimism in your opening statement that we should all hear and emulate. I know that I have.

This CONTRACTING PARTIES' session is more than a passing event. It marks the forty-fourth time that those countries that are committed to a liberal trading system through a sharing of rights and obligations have met. Although we contracting parties meet formally only once a year, the monthly Council sessions give us opportunity to compare our perceptions of that process.

The trading system does not change much from one CONTRACTING PARTIES session to another; when it does, it does so almost imperceptibly. You were quite right in cataloguing the improvements over the last year. From the perspective of the United States, this has been a good year for the world-trading system and for the GATT. And this is measurable! Let me be specific. The volume of world merchandise trade expanded by an estimated 5 per cent in 1987. And according to GATT secretariat statistics, we expect a similar performance in 1988. After five years of growth, world trade has expanded to a record level - one quarter above that at the time of the 1982 recession. There is even more. One of the most important events has been the renewed commitment by the United States to multilateralism as embodied in the recent United States Omnibus Trade and Competitiveness Act. Yes, that Act is a commitment to multilateralism, and I emphasize that here to make sure that no contracting party misreads our intentions.

The forces of protectionism were defeated in our country, even in the face of a \$170 billion annual trade deficit. We are proud that our system remains committed to multilateralism in the face of this enormous deficit. But it is important that all countries have a similar commitment. The Uruguay Round is a test for us all - a test of the commitment to open markets through progressive liberalization.

Let us take a look at a few of the bilateral trade deficits we had with contracting parties last year: Japan - a \$60.2 billion trade deficit;

Brazil - a \$4.4 billion trade deficit; Korea - a \$9.9 billion trade deficit; and the European Communities - a \$25.1 billion trade deficit.

In the last year my country has worked closely with other major economic powers in the world to improve the macroeconomic climate within which the trading system must operate. Some voices spoke critically of a world of a few years ago, without recognizing the changes that have taken place. There has been an improved co-ordination of economic policies. There has been greater recognition of the link among financial, monetary and trade policies.

In addition to global co-ordination, the United States has made bilateral efforts to address the problems of debtor countries. For example, the United States recently demonstrated its resolve to alleviate Mexico's balance-of-payments difficulties through a \$3.5 billion bridging loan.

Ultimately, however, contracting parties here are limited to resolving certain problems of international trade. The GATT is a trade agreement; it is not the International Monetary Fund and it is not the World Bank.

Let me say a few words now about the Uruguay Round. The United States has been in the forefront of those who believed that such a Round was necessary. We felt that the GATT system needed strengthening and improving. The system needed to fulfil better its previous commitments to trade liberalization, and to do more in order to reflect better the realities of the trading system of today and tomorrow. Only after such changes would a multilateral system be credible and effective.

Although this should not have been the place to review the progress in the Uruguay Round, as several other delegations have already done so, I will present my perceptions.

This Round has made impressive progress in the past two years. The progress has occurred in both old and new areas; it has occurred in both institutional and substantive matters. But there is still much work to be done - over the next few weeks in Geneva, in December at Montreal, and during the next two years, until the Round ends in 1990. And yes, the Round must end in 1990. One important reason -- the European Community's representative has said -- is that the Community will abide by those commitments it has. It is important to all contracting parties to see to it that by 1993 the Community has more commitments so that it can perform more effectively a part of the multilateral system and not allow itself to fall behind fortress frontiers. This work will require a balance of give and take among all contracting parties. Above all, it will require political commitment to genuine trade liberalization.

Some contracting parties may have misled you by improperly giving the impression that the United States has only sought progress in the so-called new areas. That is wrong. Our search for better disciplines in agriculture, subsidies and safeguards, for example, is genuine.

Some contracting parties preached an old theology of "special and differential" treatment. Experience has shown - as pointed out by several delegations - that trade liberalization promotes, rather than hinders, economic growth and development. Trade liberalization is in fact sound economic policy for countries at all levels of development. Why then should we be encouraging exemptions from GATT obligations? Indeed, I believe that all contracting parties should work towards increasing participation in the trading system. And that means that the Uruguay Round should address Brazil's law of similars, the Community's Common Agricultural Policy, the need by some countries to hide behind deflated currencies and the continuation of special exemptions because of balance-of-payments problems.

My country finds it unacceptable that so many contracting parties seem to believe that even the simple binding of tariffs is more of a discipline than their systems can bear. Could such a belief be a positive force in the GATT system?

Mr. Chairman and fellow contracting parties, let us not allow finger-pointing to dominate our thinking. Remember, we are all sinners in international trade, we all have rocks in our hands. Let us not keep throwing them at one another. We know that improvement will require political will at home and in Montreal. We are all facing this together. Let us work together to make sure the trading system continues to improve and that Montreal is a success.