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Even after the launching of the Uruguay Round, the trading environment continued to be affected by restrictive measures and resort to unilateralism and bilateralism. The actual conduct of trade policy and trade relations has reflected continuing protectionist trends and lack of respect for GATT rules.

The reasons for these strains on the trading system seem to be imbalances in trade, money and finance, long-standing problems of indebtedness and unemployment, and inflationary pressures. All these developments point to the need for successful Uruguay Round negotiations.

The efforts to create new trading blocs and to strengthen existing customs unions and free-trade areas have continued and intensified. They have involved a number of countries. We share the view that these arrangements can be a means of expanding world trade, provided they are essentially outward looking in character and that their external policy is pursued in conformity with their obligations at the bilateral and multilateral levels. My country hopes that the GATT commitments to trade liberalization will be extended to regional policies of these arrangements and that they will complement the wider multilateral liberalization.

The regular GATT activities have not been overshadowed by the Uruguay Round. Greater use of dispute settlement processes within the GATT forum, the change-over to the Harmonized System, the establishment of the Integrated Data Base, the activities of long-standing working parties and the examination of the increasing number of requests for accession to the GATT reflect renewed commitment to the multilateral framework and wider recognition of GATT's importance. This positive trend should be further strengthened, in particular by prompt compliance with the CONTRACTING PARTIES' recommendations and rulings in the field of dispute settlement.

The process of economic reforms in Central European countries which are contracting parties to GATT has recently gathered momentum. Also, Czechoslovakia is undergoing profound and important economic and social changes and embarking on fundamental reform to stimulate economic growth through increasing productivity and better allocation of resources. This reform involves systematic change which will result in the establishment of a competitive market, de-monopolization, indirect approaches to macro-economic management, liberalization of trade and greater integration in the international economy. The introduction of the new economic

mechanism has been speeded up and the process of the establishment of the relevant legal and institutional basis of the economic reform has already made considerable progress.

Enterprises have become autonomous, profit-oriented and risk-taking entities. Foreign trade has been de-monopolized. Joint ventures are being set up with foreign firms. The process of decentralization and elimination of detailed directive planning is underway. The new principles of management will enter into force on 1 January 1990.

The reform is not a short-term campaign, but a serious process of reshaping our economy and society. In our country, as demonstrated by recent events, significant steps are being taken concerning the reform of the political system, democratization and openness. All this is creating the political, economic and legal prerequisites for greater integration of Czechoslovakia into the world economy and the multilateral trading system as represented by GATT, of which my country is a founder.

The transition of our economy, which is being taken in the context of certain macro-economic imbalances, cannot be achieved overnight and is inhibited by some factors, inter alia, by reduced access to some markets for products originating in Czechoslovakia. In our view, there is scope for reducing trade restrictions simply by normalizing relations in GATT between Czechoslovakia and some contracting parties, and by eliminating treatment of my country's exports which is inconsistent with GATT, thus enabling our enterprises at least to compete on an equal footing. In this context, my country would welcome the early termination of the suspension of obligations under GATT between the United States and Czechoslovakia and the speeding up of the elimination of quantitative restrictions still applied by the EEC on our exports. A favourable external trading environment would be a contribution to the successful implementation of the economic reform in my country.

As we look back at the accomplishments in the Uruguay Round over the past three years, we see that despite the commendable progress, several important issues still remain unresolved and some subjects do not appear to be proceeding at a satisfactory pace. Market access negotiations inhibited by lack of agreement on negotiating approaches should, in our view, be conducted more vigorously with the aim to achieve substantially improved market access by elimination and reduction of both tariffs and non-tariff measures. Due to the lack of political will, rather limited action has been taken on the implementation of the rollback commitment. There is still much work to be done in the area of rule-making, where our efforts to improve rules and disciplines should, in our view, be oriented preferably on safeguards, selected GATT agreements and those GATT Articles where reaching a mutual understanding can be expected. In the new negotiating areas, the problems and possible approaches are now being identified, particularly in the field of trade in services and trade-related aspects of intellectual property rights. Arriving at an understanding on these sensitive issues requires a flexible approach and full respect for the agreed negotiating mandate.

In order to ensure achieving the successful conclusion of the Uruguay Round and efficient functioning of the GATT, it is, in our view, essential to secure the balance and transparency of the negotiating process, not to deviate from the basic objectives and negotiating mandate, and to take due account of the concerns and interests of all participants.

Czechoslovakia is seeking genuine progress in all areas of the negotiations and for its part will make all possible efforts for their successful conclusion.