

GENERAL AGREEMENT ON

SR.45/ST/16
20 December 1989

TARIFFS AND TRADE

Limited Distribution

CONTRACTING PARTIES
Forty-Fifth Session

Original: English

UNITED STATES

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For the GATT, 1989 was a year characterized by great controversy but also great cooperation. This is the uncommon virtue of this uncommon institution. It is able to act as the forum for our most divisive disputes and at the same time as an umbrella for our most ambitious cooperative ventures. The GATT has survived repeated attempts to discredit both its mission and its methods. Indeed, it has survived some absurdly naïve statements about its viability, such as the well-known comment by one who should know better that "GATT is dead". But to paraphrase Mark Twain, I think we can safely say that rumours of GATT's death are greatly exaggerated. Rather, the GATT has emerged from the battles of 1989 a stronger and more credible institution. The dispute settlement process has demonstrated an ability to address some of our most complex and difficult trade disputes, thanks, in part, to the courage and neutrality of the Secretariat and the individual panelists. And, under the auspices of GATT, the Uruguay Round of trade negotiations has evolved to the final stage with the promise of success, despite the many political and economic differences which still separate us.

The truth is that 1989 has witnessed a genuine change in the way governments around the globe think about world trade and the GATT system. In Latin America, for example, nation after nation has moved in the direction of reducing trade barriers and opening internal markets. Many on that continent have recently either acceded to the GATT or begun the accession process, and we welcome this trend. Throughout the developing world, there has been a noticeable move towards supporting the Uruguay Round and enhancing the GATT system. In developed countries, there has been a strong movement toward acceptance and implementation of GATT rulings. For example, both Japan and the United States have made changes in their domestic laws recently in response to panel reports. Others, including Canada, the European Communities, Norway, Korea and the United States, have recently agreed to adoption of panel reports. In fact, we will end 1989 with no major panel reports awaiting adoption in the Council.

And finally, in the Soviet Union and Eastern Europe, economic reforms are sweeping aside decades-old impediments to market-oriented economic policies. The Soviet Union is now interested in discussing GATT observer status with contracting parties, and the United States now welcomes such a discussion. The great lesson of the 1980s for all of us is clear. The free market -- not government intervention -- is the only sure means of achieving prosperity. Protectionism is a failure. If we truly want to make the world a better place for all, we need to do everything possible to foster and encourage expanded trade. For this reason, the GATT is, and

will remain, a viable institution. I assure you that my Government recognizes this fact. We want our trading partners to know that we will continue to resist protectionist pressures at home and abroad. We want you to know that we will continue to take our obligations to the GATT very seriously, and to ask others to do the same. But most of all, we want to expand and strengthen this system which has served us all so well.

We need to use the GATT system to propagate and strengthen the belief by governments in a system of market-oriented free trade based upon a network of rules and multilateral surveillance. This is the only sure way to provide the system with stability under often intense pressure. Only through the complete fulfilment of the GATT's trade-liberalizing concept can we ensure world growth.

I have spoken about the positive signs for the GATT system. But as my colleagues have noted, there are dark clouds on the horizon. The protectionist forces -- those who want to preserve the status quo and those who do not want to surrender their tightly controlled national economic systems to the vagaries of the international economy -- are always hard at work. These forces exist in every country, developed and developing. If given the chance, they will unravel the Uruguay Round and undermine any system of strong and enforceable trade rules. If 1989 was a year to demonstrate our commitment to the multilateral trading system, 1990 will severely test this commitment. For the United States, I can only say that we are prepared for this challenge. We hold high expectations for 1990. We hold high expectations for the Uruguay Round.

During this meeting, I have heard some veiled -- and some not so veiled -- references from my colleagues about US unilateralism. Some of my colleagues would have you believe that you can solve all your problems simply by indicting the United States. I reject this notion. The real problem which afflicts us all, is that the GATT rules are inadequate. As long as the rules are inadequate, countries will resort to their own methods of defending what they perceive as basic national interests. This tendency is not limited to one country. I say to some of my colleagues who referred earlier to US policies that it is a little dangerous for those with high tariffs and high non-tariff barriers to single out the world's largest importer whose average effective tariffs are below five per cent. Nor should a participant with a highly protectionist, unilateralist agricultural policy be so anxious to condemn the trade policy of a country that is proposing, and is willing to accept, sweeping reforms in agriculture. The GATT is not merely an abstract set of rules permitting you to attack the policies of others while ignoring your own trade barriers. It is a process to allow trade liberalization through reciprocal trade concessions. It is based on the expectation that we will agree to reduce or eliminate protection. Viewed in this context, the GATT has not fulfilled the expectations of the United States. Tariffs in many countries are still unacceptably high -- particularly in a number of less-developed countries -- and non-tariff barriers abound throughout the globe; large areas of trade, such as agriculture and services, are covered inadequately or not at all. This is why no one country should stand in judgement of another at this point. This is why we need an ambitious, comprehensive result from the Uruguay Round. If we simply rely on the current system, we

are condemned to a long period of unresolved disputes, with each of us fortified by the conviction that the other party is more deserving of blame. Above all else, we need to work in the Uruguay Round to enhance this institution's ability to solve all trade-related problems -- in other words, to create the conditions which would make resort to unilateral and bilateral solutions unnecessary.

The United States begins the 1990s convinced of the need to work together with our trading partners to enhance world trade. Throughout the history of the GATT, we have done our share to extend meaningful benefits to our trading partners. We are prepared to do more. But we expect a commitment by others. The United States is prepared to accept a system of clear and enforceable trade rules covering all areas of economic activity. We are prepared for a new era of reciprocal trade liberalization. We believe that this will provide the best guarantee of prosperity and peace in the 1990s and beyond.