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## Improving and strengthening the Trade System

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ORAL STATEMENT OF AMBASSADOR CLAYTON YEUTTER  
U.S. TRADE REPRESENTATIVE

OECD Ministerial - April 17-18, 1986

Improving and Strengthening the Trade System

The successful launching of a comprehensive round of negotiations will be the single, most important event in international trade this year.

I urge that our communique contain a vigorous, unequivocal endorsement for launching a new round with a comprehensive agenda, in September. Delegations in Geneva will go over the text of our communique very carefully, and they will judge our determination by both the tone and substance of our statement. We therefore must clearly set forth our desire to begin the new round, without delay.

As the countries accounting for the majority of world trade, we have a clear stake in the prompt launching and in the successful outcome of a new round. The continued prosperity of our countries hinges on maintaining an open trading system. Indeed, history has demonstrated the foolhardiness of succumbing to protectionist pressures.

Our communique should lay out the goals of a new round in clear terms. Our dual objectives are to liberalize trade and to strengthen the trading system, by improving and extending GATT disciplines. We must insist that the agenda cover a broad range of subjects. Only then will the new round be able to deal effectively with the interests of all contracting parties and remain relevant for the remainder of the century. We must also be willing to support these objectives through our own willingness to undertake the difficult domestic reforms that have to accompany trade liberalization.

In support of the the stated goal of liberalization, our communique should urge GATT contracting parties to adopt a strong and effective commitment to resist protectionism and to dismantle restrictive measures. Indeed, an effective standstill and rollback commitment will be symbolic of our determination to pursue liberalization in a new round. To be convincing, the two aspects of the commitment have to be firmly linked. It makes little sense to resist new measures with a standstill, without simultaneously pledging to eliminate existing restrictions, through a rollback. Furthermore, to ensure that liberalization is achieved to the widest possible extent, our communique should call on all contracting parties to join in an effective standstill and rollback commitment.

In order to launch the new round on a solid footing, the United States is prepared to undertake a far-reaching commitment to resist protectionist pressures and progressively dismantle trade restrictions. But to move ahead on these issues, we need cooperation from all contracting parties to make comparable commitments on both standstill and rollback.

In this connection, the communique should express our readiness to give credit in the new round to liberalization measures taken by developing countries, as part of structural reforms they make in conjunction with the World Bank and IMF. We, of course, would expect the developing countries to bind such actions within the GATT framework.

To promote the second goal of strengthening the trade system, the new round must be launched with a comprehensive negotiating agenda. While our communique may not be able to go into great detail on specific issues, it should emphasize the need for contracting parties to agree to a broad mandate for the round. In particular, our statement should insist that the agenda be comprised of steps to improve existing GATT disciplines and to extend GATT's scope to create new disciplines in areas of growing economic importance.

In order to improve the GATT, a new round has to arrive at an expedited procedure for settling disputes. This will be essential, in order for the GATT to remain an effective body. Also, the

GATT will be significantly improved if we are able to reach agreement on the proper use of safeguards; the proliferation of measures for restraining imports needs to be reversed with an effective GATT provision.

The new round must decisively address the problems of agricultural trade. There is a growing recognition of the high costs imposed by many of our agricultural policies, and the time has come to sit down and see what we can work out together. Furthermore, we can improve the GATT by encouraging the most advanced developing countries to take up appropriate responsibilities. These countries benefit enormously from an open trade environment; but, only by undertaking new obligations, will these countries be able to maintain support for continued market access.

In addition to improving existing disciplines, the new round must be directed toward the future. This means GATT's competence has to be extended to new areas through creating additional disciplines. Indeed, the continued relevance of GATT depends on its ability to evolve in tandem with the changing international economy.

Trade in services is becoming an important feature of the world economy, and we need to broaden the GATT to take this vital sector into account. Also, the GATT has to be extended to offer protection to intellectual property rights, or else our entrepreneurs will lose incentive to pursue technological innovation.

Furthermore, the GATT has to expand to include needed disciplines on foreign direct investment. We believe it is essential that work on these topics take place both in the OECD and at the GATT to assure a successful outcome to negotiations on these issues in the new round.

Over the next few months, we have an opportunity to set world trade firmly on a free-trade footing for the remainder of this century. We must not fail. I urge you to adopt a statement that will send a strong, unequivocal message on our determination to launch a comprehensive new round, without delay. The successful inauguration of this round, with its comprehensive agenda, will come in time to benefit us all with sound economic growth!

I would like now to turn to my colleague, Commerce Secretary Malcolm Baldrige, who has additional comments.