

negatively on economic recovery, the multilateral trading system and on the international financial system. In this regard, the OECD Secretariat and the Trade Committee have provided useful assessments of our performance and of overall developments. This work is important and we look forward to its continuation. In our view the sectoral examinations, which it is proposed this organization carry out, are a priority. We believe that these examinations must include a focus on structural problems - specifically, an effort to analyze the causes which are driving structural change. Often these causes stem from domestic pressures brought about by shifts in demand or changes in technology but are erroneously or conveniently attributed to international competition. If the sectoral examinations address the cause of structural change and the consequences of protectionist measures, they should lead not only to better prescriptions but also hopefully to more effective preventative medicine.

The continued use of grey area measures poses a serious problem for the multilateral trading system. Such measures, which are not taken formally under Article XIX and are not notified to the GATT, must be subjected to more effective monitoring. We should strive to work together to reach a consensus on how these measures can best be monitored in order to achieve a greater degree of transparency. Effective monitoring and improved transparency would contribute significantly to our understanding of the implications and impact of grey area measures and our ability to be able to bring such measures under international discipline.

We have heard some talk recently in academic circles about the decay of the GATT and the erosion of the trading system. Such logic often seems to lead in the direction of concluding that we should abandon the system. Such a conclusion is not justified. The value of the major trade institutions must be determined by their utility and relevance to governments in the conduct of sound economic policies and trade relations, and not be abstract academic judgements. The GATT and the trade work in this organization remain vital to us all.

Regarding efforts to strengthen the multilateral trading system, it is clear that there is room for improvement in the functioning of the institutions and in the rules themselves. Furthermore some problems have only begun to become apparent in recent years and we need to