

We have made some progress in the area of trade rules, with a number of detailed texts now on the table, but we have not settled several fundamental issues. We have made progress on services with the development of a draft framework agreement, but there is a lot of work yet to do on sectoral liberalization. We must also continue to press ahead in the negotiations on intellectual property and investment measures.

Finally, there is a growing sense of confrontation on some issues between developed and developing countries. This can only be destructive of our hopes for the round, and we must work to overcome it. The needs of developing countries must be recognized through special and differential treatment, but those countries must also recognize the tremendous contribution that an open multilateral trading system has made, and can make, to their economic development. Hence the importance of their fullest participation in not only the rights, but also the obligations of the system.

Liberalized trade is in the clear interest of all of us. Rising protectionism and unilateralism damage all our economies. Most recently, a report released by the confederation of Asia-Pacific Chambers of Commerce and Industry concluded that the elimination of tariffs alone between, for example, the USA and Japan would spark growth in those economies in the order of \$100 billion. A successful MTN would produce benefits many times that level and would be available to all of us. The proof is in the remarkable strength of international trade which is largely based on the success of previous GATT negotiating rounds. On the other hand, the same report reinforces the conclusion of studies which indicate that if current protectionist trends continue, the costs of lost opportunities will be enormous. We had this bitter experience in the years before the present multilateral trading system was established. History teaches us that the protectionism of each country hurts the protecting country itself, as well as its trading partners.

Much of our collective and individual effort over the past three years hangs in the balance. Of course, political reality is always more complex than economic theory. We all have our domestic special interest groups representing real concerns and real constituents. We all, consequently, have political bottom lines.