

Since 1986, rapid and dynamic changes have taken place in the world political and economic environment. As the shape of the Uruguay Round results becomes more clear, the need for a concerted effort to build upon the progress made at the Montreal Mid-Term Review to strengthen the institutional framework for a new, substantially more open multilateral trading system has become apparent.

These changes include:

a) Membership

The GATT is evolving from a relatively small club of major traders to a universal body. Since the end of the Tokyo Round in 1979, 14 countries have joined the GATT which now has 97 members. Other major countries have either expressed an interest in or are actively seeking GATT membership. While these developments are clearly showing the importance of fully sharing in the benefits of the open and vibrant international market, they also put additional stresses on the effective operation of the trading system itself.

The enormous political changes sweeping the centrally-planned economies of eastern Europe are resulting in rapid adjustment to their economic and trade policies. In certain cases, these countries joined the GATT under special protocols of accession which now have become less relevant. It will be important that the changes to these economies contribute to a further strengthening and effectiveness of the GATT system.

Virtually all major developing countries are now in the GATT. Developing countries are playing an active role in the Uruguay Round and expect the evolution of the multilateral trading system to include changes responding to their particular priorities. They wish to obtain the full benefits of a strong, open and non-discriminatory trading system in order to pursue export-oriented development policies. They also want to strengthen the capacity of the multilateral system to protect their terms of access to major markets against the threat of unilateral retaliatory measures.

b) Protectionism and Unilateralism

The pressures for protectionist solutions to market access problems are increasing because of the need to respond to powerful economic, technological and industrial forces at play in international markets. These developments could lead to powerful, conflicting, regional trading blocks. This trend could be accentuated by the emergence of large and dynamic economic growth poles in different parts of the world.

In this rapidly changing trading environment, there are strong pressures to use unilateral trade actions to respond to perceived