

We meet at a time of grave difficulty for the world economy. Our countries differ greatly, but virtually all are experiencing low or even negative growth, unemployment, stagnant investment and continuing inflation. Many of us -- and I am thinking particularly of the developing countries -- have very large external debts and balance-of-payments deficits. Prices of the primary products on which many of our countries depend to earn their way in the world are deeply depressed. The recession is exerting pressures upon us all and threatens to undermine the trading system on which so much of the economic progress of the past generation has been based.

The symptoms of the strain are well known. The current protectionist pressures on our governments are intense, and we have not always proved able or ready to resist them. In some cases actions have been justified and applied under the agreed rules. Too often, actions in restraint or distortion of trade have taken forms not envisaged by the GATT rules or consistent with the spirit which underlines them. The result has been to undermine the effectiveness of the existing GATT framework and our confidence in it. Protectionism is contagious and counterproductive as a means of achieving recovery. As the IMF Interim Committee warned at its meetings a few short weeks ago, protectionist policies, by obstructing international trade are ultimately destructive of employment and, by undermining efficiency, they exacerbate inflation.

The number of disputes brought before GATT has multiplied, but some of them have not been satisfactorily settled. This has produced additional friction and strain.

As we begin this important conference, I need not emphasize our collective responsibilities in managing international trade relations. No doubt, there will be differences in our assessment of problems and priorities. Some will stress that protectionism thwarts economic recovery, while others may argue that present protectionist pressures are mainly an inevitable consequence of the present economic recession. Many will have in mind the monetary and other economic difficulties, beyond the scope of trade policy, which bedevil the efforts of our governments to hasten economic recovery. We would, however, fail in our duty if we did not, in this GATT Meeting, make the most determined efforts to improve the trading system so that it can make its essential contribution to recovery.

Here lies the challenge: to strengthen and adapt our cooperation in GATT in the interest of each of us.