

While the GATT provides a contractual framework for our trade relations, consultations on trade policy and in particular the interrelationship between trade policy and other policies such as industrial, economic and competition take place in a variety of fora. Some of the most important of these include the IMF, the OECD and the Economic Summits of the seven major industrialized countries. We must make maximum use of these institutions and strengthen their capacity to keep us working together in a coherent and reinforcing manner.

Secondly, we must move beyond strengthening the system to handle existing strains. We must begin to tackle trade problems in areas which to date have remained largely outside of the trade liberalizing thrust of the post-war era. I think particularly of trade in agriculture and fish products in this regard. We must as well begin to address totally new areas which are coming to play such a major role in our economies, such as trade in services. The theories of comparative advantage and free trade have guided our economies throughout the post-war period and enabled us to enjoy the economic success we have achieved. These principles are equally applicable to the newer areas of economic activity.

Thirdly, we are going to need to be more successful in integrating the newly-industrializing countries into the world trading system. The Hong Kongs and South Koreas and Singapores will be joined by a number of other countries who will be keen competitors in an increasingly large range of manufactured goods. Levels of protection and special assistance which they have provided to their domestic industries will no longer be appropriate either internationally or in terms of their own domestic economic development. The system will require that these countries increasingly take on obligations more commensurate with their level of development. At the same time we will need to work to ensure that the system responds to their concerns.

Another key test of the GATT Ministerial will be to demonstrate that the GATT can serve their interests as well as those of the industrialized countries. Over time this will also mean that the industrialized countries will need to open their markets even more to the exports of developing countries. Developing-country markets have been dynamic ones for our Western economies and, indeed, have helped to mitigate many of the problems our economies faced in the 1970's. However, a great deal of this trade was financed through borrowing by developing countries. The debt levels reached by a number of these countries are now