

BASIC ISSUE EMERGED DURING THE PROLONGED DEBATE ON THE ISSUE OF SERVICES IN THE GATT ROUND.

SO BEFORE SUMMING UP THE PROSPECTS FOR THE ROUND IT IS WORTHWHILE TO PAUSE HERE AND ANALYSE THE SERVICES AND INVESTMENT ISSUES IN SOMEWHAT GREATER DEPTH FOR, AS I HAVE ALREADY SUGGESTED, THEY ARE NOT ONLY CENTRAL TO THE SUCCESSFUL CONCLUSION OF THE MTN AND THE FUTURE OF THE GATT BUT ALSO HAVE BROADER RELEVANCE FOR THE TOPIC OF THIS SESSION AND THIS CONFERENCE.

THE CONTENTIOUSNESS OF THE SERVICES TRADE ISSUE IS, AT LEAST ON THE SURFACE, PUZZLING SINCE EVEN AT THE MOST SUPERFICIAL LEVEL THE ECONOMIC REASONS FOR ITS INCLUSION IN THE ROUND ARE OVERWHELMING.

THUS, AT PRESENT, SERVICES AMOUNTS TO PERHAPS 25% OF TOTAL WORLD TRADE.<sup>(3)</sup> THIS IS A SUBSTANTIAL SHARE AND SIMPLY BY EXTRAPOLATING PAST GROWTH RATES WOULD ORDAIN A STEADILY WEAKENING AND INCREASINGLY IRRELEVANT GATT THAT CLAIMED NO EFFECTIVE MANDATE OVER TRADE IN SERVICES. WHAT WOULD REPLACE IT WOULD UNDOUBTEDLY BE BILATERAL AND PLURILATERAL ARRANGEMENTS ALREADY ADVOCATED BY A GROWING NUMBER OF SERIOUS OBSERVERS AS A PREFERABLE STRATEGY GIVEN THE PROLONGED BLOCKAGE IN GATT.