

WITH THIS ISSUE Dennis Thompson retires as Editor of this Journal, and he wishes to thank all those who have contributed to it in the past. Control of the Journal now passes to Jacques Werner in Geneva, who assumes the post of General Editor. Dennis Thompson will continue to be associated with the Journal as Editorial Consultant.

Editorial

The New GATT Round

THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), following the conclusion of the meeting in Punta del Este to launch the Uruguay Round of trade negotiations is now facing a critical moment in its history.

The strength of GATT and the remarkable persistence of its existence results from the pressing need for a liberalised trading system. Its weakness stems from the fact that the conflict of interests among the contracting parties is so great that it is practically impossible to devise a set of rules which will be generally observed.

The Ministerial Declaration on the new round at the finish of the Punta del Este meeting starts in the first line of its preamble by calling for a halt and reversal of protectionism. There are strong imprecations in the Declaration for an immediate standstill of all provisions restrictive of trade, and for a progressive rollback of all such provisions which are contrary to the rules of the General Agreement by the end of the negotiations (which are calculated to last not more than four years). The parties also state that they are determined to develop a more open, viable and durable multilateral trading system with an improved dispute settlement mechanism.

It will, however, not have gone unnoticed that even less than two months before the start of this crucial meeting the United States and Japan entered into a restrictive agreement in respect of semi-conductors *due to last for five years* to which the EC has already taken objection in GATT. Furthermore, during the meeting itself the U.S. delegate stated that the rollback provisions will not apply to voluntary export arrangements or joint venture agreements to which the United States is a party.

It seems to be fairly clear that beyond a regular denunciation of protectionism the industrialized countries cannot, or will not, take any very significant steps to reduce it.

The coming negotiations would appear to put the contracting parties in a dilemma. Any steps to strengthen the GATT rules and procedures will probably result in non-compliance by the most powerful countries, while any attempt to write down the level of obligation of the participants could reduce the institution merely to a convenient market place for bilateral deals and barter.

A particularly dangerous provision in the Ministerial Declaration would appear to be: "Participants shall review GATT articles, provisions and disciplines as requested by interested parties, and, as appropriate, undertake negotiations." This means that one single country may challenge and procure amendment of any of the existing rules.

An improvement in the working of GATT is only to be expected when there is common accord between the major participants, the United States, the EC and Japan. At present the differences in the trilateral relationship are far too great to make agreement possible. In the circumstances it would seem that the only way out is for the contracting parties to put together the best compromise available, with such dexterity as the prestige of the institution and the sleight of hand of the secretariat will allow, enlivened by the introduction of the welcome and distracting topics of services and agriculture.