

December 16, 1982 - 82/229

Statement by the Managing Director
on Trade Issues

As Executive Directors are keenly aware, trade policy developments are among the foremost issues of national and international concern. Against the background of growing protectionist pressures, the contracting parties to the GATT held a meeting at ministerial level in Geneva to assess the functioning of the multilateral trading system and to agree on its directions for the coming years. The staff report on the proceedings of the meeting, and the ministerial declaration, have been issued (SM/82/234, 12/16/82).

I took the opportunity of this meeting to express some of the Fund's concerns in this complex and politically sensitive area, both in my remarks at the ministerial level meeting, and in informal discussions with Ministers and senior officials. It would be difficult, and certainly premature, to make any definitive assessment of the results of these deliberations, which involved trading partners conducting the bulk of world trade who often have divergent perceptions of their national interest. Nor would it be appropriate for me to comment on the national views expressed at the meeting. However, I think it is timely for me to comment on whether any of the main conclusions of our own discussion of trade issues at the Board meeting on September 20, 1982, require modification as a result of more recent developments. In this context, I will focus on two points.

First, it is evident that there is general recognition of the Fund's interest in the trade field, and there is wide support for improving the close working arrangements at staff and management levels between the Fund and the GATT. I welcome and support such interest and cooperation. The cooperation we have traditionally received from the GATT Director-General and his secretariat has been exemplary on all issues of mutual concern. At the World Economic Outlook discussion and the September Board discussion on developments in international trade policy, Directors not only recognized and supported the prime role of the GATT as the guardian of the international trading system, but also expressed the desire to see continued close collaboration between the Fund and the GATT. I have therefore instructed the staff to undertake further contacts with senior GATT officials in the near future, in order to examine possible modalities of intensified Fund-GATT collaboration. I shall keep Directors informed of the progress of these discussions.

The second point concerns the direction of the Fund's activities in the trade field. The thrust of my September 20 summing up was that the international monetary and trade systems share complementary objectives and are therefore interdependent. Directors have reiterated

that the Fund has a vital interest in promoting the expansion of international trade of all its members. Directors also believe that, in conducting Article IV consultations, particularly with the larger trading nations whose trade policies have a particularly important bearing on world trade, it is important for the staff to include analysis of trade policy in the context of its overall appraisal. It has been stressed that in trade matters the Fund's role is complementary to that of the GATT, but the Fund can make its own contribution to the drive against protectionism. I believe that this approach remains valid today. Therefore, I intend to ask the staff to implement the suggested approach for Article IV consultations from the beginning of 1983.

I assume that, unless there is a request from Directors for a further specific discussion on this matter, we can agree to proceed along the above lines.