



Declaration on Trade Policy

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Background Information

The Declaration on Trade Policy was adopted by the governments of OECD Member Countries on 4 June 1980 at the Council meeting at Ministerial level. The instrument is the second declaration on trade policy, after the Trade Declaration of 1974, seeking to address the risks to the open and multilateral trading system. While it pursues the objectives of the Trade Declaration of 1974, it recognises the increased risks caused by developments in the general economic situation. The Declaration aims to achieve the highest sustainable economic growth and employment, to promote policies to contribute to the expansion of world trade on a multilateral basis and, to this end, to pursue their efforts to reduce or abolish obstacles to the exchange of goods and services.

GOVERNMENTS OF OECD MEMBER COUNTRIES¹,

HAVING EXAMINED trade and trade policy issues in the light of: the persistent problems of inflationary pressures, low growth and high level of unemployment; the importance of the structural changes in demand and production taking place in the world economy and of sectoral difficulties; the substantial rise in oil prices; the ensuing balance of payments deficits of oil importing countries and problems for their financing in particular for developing countries;

CONSIDERING that the risks to the open and multilateral trading system are in a number of respects similar to those which led to the adoption of the Trade Declaration in 1974 but are increased by developments in the general economic situation;

CONSIDERING the outcome of the Multilateral Trade Negotiations and recognising their contribution to the improvement of the trading system;

AGREE:

- That trade policy has a major role to play in the framework of an overall strategy for sustained and non-inflationary growth in the world economy;
- That strengthening of the open and multilateral trading system can make an important contribution to the achievement of macro-economic objectives in particular with regard to economic efficiency economic growth, full employment, the fight against inflation, balance-of-payments adjustment and productive investment in the world economy;
- That trade expansion with developing countries has mutually-beneficial effects for all trading partners;

REAFFIRM their objectives, as laid down in the OECD Convention, to achieve the highest sustainable economic growth and employment, to promote policies to contribute to the expansion of world trade on a multilateral basis and, to this end, to pursue their efforts to reduce or abolish obstacles to the exchange of goods and services;

DECLARE THEIR DETERMINATION, in the light of the foregoing and with regard to trade in both industrial and agricultural products:

- To maintain and improve the open and multilateral trading system, and to this end to strengthen in particular the role of the GATT;
- To implement fully and effectively the commitments made in the Multilateral Trade Negotiations, both in their letter and spirit; to avoid measures which might erode the achievement of these negotiations; and to continue their efforts towards further improvements in such areas which were not covered by the negotiations or where adequate results have not yet been achieved;
- To strengthen trade relations with developing countries having in mind their special needs, in particular those of the poorer among them, the crucial importance of export earnings for developing countries and the favourable effect of high growth in those countries for the world economy; and to pursue policies which contribute to their economic development and facilitate their progressive integration into the open and multilateral trading system;
- To avoid restrictive measures in the trade field and on other current account transactions which might create snowballing effects; have an adverse impact on inflation, productivity and growth potential; or inhibit the dynamic development of world trade and its financing, in particular as regards trade of developing countries;
- To avoid policies and measures which distort export competition, including in the export financing field;
- To pursue policies in line with the general orientations agreed in 1978 which facilitate positive adjustment to structural changes in demand and production in the world economy and which therefore further the objective of securing an open trading system, and to avoid internal measures which have protectionist effects.

AGREE furthermore:

- To make full use of existing mechanisms for mutual information and consultation to further the achievement of the objectives of this Declaration and to deal promptly, in the framework of broad international economic co-operation, with any critical situation that may arise;
- To review periodically within OECD main developments and issues in the international trade and trade policy fields against the background of the objectives of this Declaration.

¹ Including the European Communities.

About the OECD

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

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OECD Legal Instruments

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- **Decisions** are adopted by Council and are legally binding on all Members except those which abstain at the time of adoption. They set out specific rights and obligations and may contain monitoring mechanisms.
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