

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARGENTINA: STATEMENT BY DR. DANTE CAPUTO, MINISTER OF FOREIGN AFFAIRS
AND WORSHIP, AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

This meeting of Ministers of the CONTRACTING PARTIES of the General Agreement on Tariffs and Trade is taking place under serious circumstances.

The latest report of GATT asserts "the possibility of world trade experiencing a prolonged stagnation - or even declining - as a consequence of the cumulative effects of the distortion of competition".

This diagnosis reflects, more than a circumstantial picture, a structural trend.

The present organization of world trade is based on two unfair grounds. On the one hand, the assertion of a fallacy: that of the equality of nations. From that starting point, rules are conceived which not only fail to promote the possibilities of development of the poorest, but perpetuate instead, when they do not outright intensify, the existing inequalities. Inequalities which, in truth, are rooted in profound economic, historic and social differences. To ignore the reality of that inequality leads to true inequality before the law, instrumented by a body of laws and principles which must be accepted by all, as the only means suitable for the regulation of trade.

The poorest nations, the youngest, the former colonies - we are told - must not and cannot seek their way to development and progress, that is, their national autonomy, outside the framework needed by the richest, by the older powers, the metropolis, for the strengthening of their trade and productive investment.

It is then that the second unfair element appears. For the evolution of the international economic order in these latest years has shown that what the more backward cannot do is done by the richest.

And so we have arrived to a paradox in which precisely those who set up the rules of the game according to their needs and demands are not only the first but the only ones violating these rules when it becomes necessary for the defence of their interests.

Summing it up: first equal treatment is established for those who are not equal. Then this asymmetry is made legal by the violation of the common rules for the benefit of the more developed, those who acted in the first place as originators of the rules.

Developing and, particularly, Latin American countries request a political treatment for the very grave problem of the external indebtedness, including the evident co-responsibility which falls on creditors and their governments in the origin and further evolution of that debt. The answer we receive, however, is that we must adjust to the strictest orthodoxy as the only possible way to recoup investment and the economy. We must reduce our fiscal deficit, eliminate subsidies, increase the volume of our exports, be more competitive and efficient.

We the debtor nations have made the effort and continue adjusting our economies.

But, on the one hand, what is demanded of the weakest is not the law applied to the powerful. The public deficit of one of the more developed countries in 1985 reached an unprecedented \$180,000 million, equalling five times the yearly servicing of the external debt of all of Latin America.

The cost of the Common Agriculture Policy of the European Economic Community has been steadily rising.

Real interest rates in the international market, ranging between a yearly 1 to 1.5 per cent during the first eighty years of this century, climbed up not less than six times over in the last six years, as a consequence of the financial demands of the public expenditure of the same countries which now urge us to adhere to the strictest austerity.

On the other hand, in those six years not only recovery of investment has not been possible but Latin America instead has become a net exporter of capital towards the developed world, to the amount of \$25,000 million a year.

We are requested to be efficient producers and loyal exporters. And we have been so. But once again formal symmetry is not the law for those who impose the rules since, without consideration, boundaries are closed to our commodities.

And so we come to this absurd crossroads where our efforts to comply with the commitments of the external debt collide with the growing protectionism of our creditors. More still, driven by this discrimination logic, they spark off trade wars for the control of third markets from which we are dislodged by enormous subsidies to their inefficient production. Subsidies inspired by electioneering and by reasons of domestic politics, openly taking precedence over the elementary demands of any moderately reasonable world system.

Now, this meeting is used to demand the opening up of markets for capital goods and services, precisely at a time when increased protectionism and unfair competition face our more traditional commodities, as regards which GATT has delayed consideration so far.

We believe that if what we are seeking in this forum is the building up of a more just world reflected in the regulation of international trade, the present situation is devoid of logic. Or, at any rate, a new logic is being born with the intention of justifying a new colonial conception. Since by increasing the inequalities among countries already unequal, the possibility of exercising national sovereignty for us, the less powerful, is reduced to the minimum.

We want to state as clearly as possible the profound injustice entailed in this new conception, for it implies going backwards in the search of the explicit goal pursued by the countries here convened.

Nevertheless, not only are there reasons of justice to rectify the present viewpoint. We are convinced that those who seek to build a new order on these bases are, in fact, making the disorder more acute. A disorder the effects of which will be felt not only by our countries, accustomed as they are to poverty, but will also affect the more developed.

In fact, a world marked by ever deeper imbalances generates an economic dynamics of its own, which tends to exhaust itself in the long run. The growth and economic development of the great will not be possible if the world market is reduced. And it will reduce, because the less developed will not be able to continue producing and exporting, nor will they be able to import, simply because their income will progressively decline.

Just as a community cannot develop when the domestic distribution of income is exasperatingly unfair and survives on the fiction of a small wealthy sector, the world community cannot either be based on the existence of a few getting richer and richer while the rest of us become poorer and poorer.

It is necessary to go back to the root of the problem, to be able to raise our outlook above immediate interests, and to analyse the questions affecting us within a broader context.

There are pressures to bring into our consideration in this round of negotiations new international trade situations at the same time that we verify once and again the reluctance to consider the other questions. The agricultural question, the restrictive consideration of the most-favoured-nation clause in safeguard measures, the rules on status quo and dismantling, the effective application of measures incompatible with GATT, the inclusion of codes of conduct as an integral part of GATT, etc.

We are further concerned that this round of negotiations may be used only to reduce the differences existing among the great trade powers and to disguise under a multilateral juridical mantle the recourse to bilateral and unilateral practices which are but the proof that the will of the strongest prevails.

We want a consensus freely arrived at, and we want the rules derived from that consensus to be respected. We want the asymmetry of our respective economic realities as well as the injustice of an equalitarian treatment for those who are not equal to be acknowledged.

Faced with the threat of trends leading to the consolidation of unfair economic structures condemned to exhaust themselves, we must employ all our courage and our wisdom to produce transformations safeguarding a more rational, more equitable and more secure trade system.

But we want to stress very clearly, that the main responsibility does not rest in our hands. Protectionism, the parcelling out of markets, the artificial and inefficient structure of the domestic agricultural policies of many of the developed countries should be dealt with here and structural changes should be the priority in these negotiations.

Otherwise, the obduracy with which the main partners in international trade destroy markets instead of creating them, will end up by destroying the multilateral system and the validity of the General Agreement.

This meeting must serve to avoid it, and it will, if the leading problems are not evaded, if essential priorities are taken into account and if the responsibilities that fall to each one of our countries are considered.