

GENERAL AGREEMENT ON TARIFFS AND TRADE

MIN(86)/ST/45
17 September 1986
Special Distribution

Original: Spanish

URUGUAY: STATEMENT AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

Uruguay regards this conference as a forum crucial for the future of international trade and for the GATT system itself, with which Uruguay has been associated from the beginning through active participation in the Havana conference and the negotiations held at Annecy in 1949.

Uruguay, a small country open to foreign trade, is today more than ever deeply concerned about the liberalization and orderly development of international trade, which at present is a prey to serious distortions. Hence respect for the GATT rules and the adoption of new multilaterally agreed disciplines are essential if we are to achieve an equitable framework providing economic agents with the stable and predictable background they need to act in a manner beneficial to all.

We cannot continue to experience the frustration and disillusionment that in recent years has resulted time and time again from a growing disregard for the basic principles of the GATT and that threatens its very existence. The adoption of measures for a short-term solution to the problems of some national economies has produced serious distortions in world trade. These accentuate the international recession while delaying and slowing down the economic growth and social progress of all nations, especially developing nations burdened by heavy foreign debts. This places more and more obstacles in the way of our efforts to make the necessary adjustments so that our economies will recover their drive and generate resources to enable them to cope with development and meet external commitments.

Internal tensions that threaten political stability and social peace are or can be direct consequences of the anarchy to be seen today in international trade policies. While this chaotic situation inflicts serious damage on the economically weak countries, it also affects the major trading nations, as is evident from the frequent disputes and conflicts among them.

The entire system of international trade is in jeopardy. The conference must boldly and decisively face the challenge and put an end to the situation; and clearly, the common will to undertake a new round of multilateral negotiations is the right approach. This means that the conference must reach agreement on a series of issues on which there are still major differences of opinion.

The basic task is to contain and decisively reverse the current anarchic trends while reaffirming and expanding the commitment under GATT to progressive and sustained liberalization of international trade instead of the perpetuation of protectionism and unilateral and discriminatory action. In short, reprisals should be replaced by effective multilateral co-operation. In this way we can establish the basis for negotiations to achieve more just, free, and equitable world trade that will enable the developing nations to overcome their difficulties and improve their economic and financial situation.

President Sanguinetti, in his inaugural speech, stressed the importance that our country and many other countries represented here attach to finding a satisfactory solution to the serious problem affecting international trade in agricultural products. This is, without doubt, a key subject for our discussions.

It is essential in due course to bring about substantial changes in current trade practices. These generally cause distortion and are frequently discriminatory, and their effect on the income, production and development of the traditionally producing countries have been and continue to be disastrous.

It is widely acknowledged by the international community that the economic and financial prospects of many developing countries, as well as their social progress, depend in large measure on their export earnings from agricultural products. It is also generally realized that these exports have been slowed down and seriously hampered by the adoption in industrialized countries of agricultural policies that promote high-cost production. The effect of such economically irrational policies has been a proliferation of restrictions limiting access to their markets for agricultural goods, an accumulation of stocks far in excess of their internal absorption capacity, and highly subsidized exports that have generally depressed prices and progressively ousted countries which are efficient producers from their natural markets.

In general, present world trade in agricultural products reflects a selfishness, lack of international solidarity, and unfair commercial practices that are wholly inconsistent with the GATT principles.

The latest report of the GATT secretariat on developments in the trading system for the period October 1985 to March 1986, using World Bank information, states that "in 1983 the loss in export revenues incurred by the developing countries due to trade barriers in sugar and beef alone amounted to more than half of the aid programmes of all industrial countries".

A firm commitment by the developed countries to undertake the progressive rollback of protectionism benefiting their domestic agricultural production, and especially the elimination of subsidies on exports, would be the most convincing proof of their purpose, expressed time and time again, to return to the inherent, true spirit of the General Agreement. What would also be helpful here would be strict compliance in international trade in agricultural products with the disciplines agreed multilaterally within GATT.

Failure to make effective progress here would imply keeping a substantial part of international trade uncovered by rules which are fair and accepted in good faith. This would become more and more vexatious and intolerable, and in no way could Uruguay support it.

The New Round must be structured on the basis of a formal commitment not to introduce new restrictive trade practices, to assume in full the obligation to eliminate measures incompatible with the General Agreement, and to embark on a gradual suppression of those existing today within the GATT framework.

Failure in the past to fulfil the obligations undertaken in GATT has undoubtedly created frustration and disappointment because of the serious harm it has caused. This is why we attach fundamental importance to the standstill and rollback commitment which must be the outcome of this conference. We shall at all times keep an eye on the response to the obligations assumed under this heading, and we shall insist on its fulfilment, particularly in regard to agriculture.

Rollback is the evidence of good faith we hope for and demand of the other participants in the New Round, since they are aware that its implementation will be a sine qua non for the development of negotiations.

International trade in textiles continues to be governed by ad hoc rules which have operated on a permanent basis to restrict the exports of the developing countries. This in practice constitutes vexations and unfair discrimination, quite apart from its restrictive character. The negotiations which ended at Geneva last July amounted to a prolongation of the Multifibre Arrangement. This should be regarded as a temporary solution. Over a longer time-scale, however, effective action will have to be taken to liberalize the textile trade as an important part of any multilateral effort to overcome the problems that afflict international trade and weaken the principles of the General Agreement.

An appropriate multilateral system calls for an efficient and just mechanism for the settlement of disputes. Without it, the balance of rights and duties agreed upon may in itself turn out to be unstable or a matter of chance. No doubt the subject is of primary importance for the

smaller countries; but we are convinced that it is likewise important for the great trading nations and for the fairness and efficiency of the multilateral trading system.

What must also be recognized as a basic point for the New Round is that as a consequence of trading practices followed by the developed countries, the developing countries have been losing international trade opportunities over the last few years. Any new attempt to avoid the growing anarchy in trade must therefore include mechanisms calculated to reverse this unjust trend.

A broader definition and effective implementation of the specific modalities relating to differential and more favourable treatment for the developing countries will therefore be imperative at a new stage of multilateral negotiations.

A number of delegations have indicated their interest in expanding the coverage of the negotiations, particularly to include trade in services. The CONTRACTING PARTIES will undoubtedly remember that on the occasion of the GATT Ministerial meeting in 1982, the Uruguayan delegation reserved its position on this point. Nevertheless, our propensity for dialogue means that we listen attentively to any reasonable argument made on this point, provided it is possible to surmise that the essential points of interest to my country are always envisaged within a balanced framework of advantages and disadvantages.

The foregoing statements define the way in which we conceive the challenge that faces us at Punta del Este. On our success or failure will depend the background against which international trade will develop in what remains of this century. To avoid failure and to ensure success, it is essential that each one of us contributes a firm political will.

My country may be counted upon among those which will make a decided effort to achieve liberalization and transparency of trade; we are fully convinced that this is the way to bring about prosperity for our peoples.