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OPENING STATEMENT MADE BY
DR. JULIO MARIA SANGUINETTI, PRESIDENT OF
THE ORIENTAL REPUBLIC OF URUGUAY, AT THE
GATT MEETING IN PUNTA DEL ESTE
15 SEPTEMBER 1986

Mr. President,
Distinguished delegates,

I should like first of all to express my gratitude for the kind words addressed to me by the President, the Minister of Japan, who represents one of the countries which was a pioneer in efforts to achieve freedom of trade and which has demonstrated the courage and intelligence of its people by showing how a vigorous democracy, a prosperous country with a science and industry that are among the best in the world, can be built up in the face of adversity.

I thank you, Mr. President, for your very kind words and I also thank all of you present here for attending this meeting. Uruguay welcomes you in the same way as it always welcomes eminent guests -with the warmest feelings and all the spiritual fervor of a people historically committed to freedom and born of a civilization that has been the melting pot of all civilizations.

Although we would have liked to be able to offer you greater facilities, this small country of ours takes great pride in your presence here and offers you its boundless hospitality and the heartiest of welcomes. We are very much aware of the importance of our position as host to this historical meeting, which is possibly the most significant devoted to trade in the post-war period.

We are also aware of its importance as a symbol. The fact that a discussion on conditions of trade is taking place in a developing country of Latin America surely constitutes a symbol, a recognition, an act of faith which, coming from all the countries of the world, we appreciate greatly because it undoubtedly represents a recognition of and a tribute to what this part of the world has done and to the efforts it is making, as well as a recognition of the need for co-operation so that the higher level of development for which its peoples are yearning and struggling can be achieved.

You have without any doubt arrived in Uruguay at a very important and special time, a time when it is engaged in the task of strengthening its democratic institutions through a process of institutional consolidation following a number of difficult and turbulent years. It is a country which is going back to its roots and its best traditions, a country which used to be an oasis of civilization and social development, and which is fortunately reverting to its traditions and looking to the future at a difficult time. It is a country making a political effort, as well as an economic and social effort, for the two are most certainly complementary. Indeed, they are the two faces of the same coin. We cannot strengthen our democratic institutions without genuine development any more than we can really achieve and consolidate the kind of development that we desire without democratic institutions, because what we are seeking is development based on respect for the value of the individual and the reaffirmation of spiritual values which are of such importance and constitute the very foundations of the civilization to which we belong, the very *raison d'être* of this Republic.

We have without any shadow of doubt been through difficult times. We are working to modernize a country. We are also working to bring about structural adjustments that will enable the Republic to achieve great efficiency. And we are working to bring order to an economy that has known periods of enormous danger and experienced an extraordinary decline in its national product in recent years. Suffice it to say that, in the three years from 1982 to 1984, this country lost 15 percent of its gross product. We have made progress during the past year and growth in the country is resuming. It is putting its economy in order. It is reducing its deficits. It is building up its international reserves. It is endeavoring to construct a model of a democratic country with an economy that is just as democratic and open to trade, in accordance with its traditions and respect for the rights of all; at the same time, it is coping with a very difficult situation of rising social expectations which are being dealt with as the country grows. But a country like ours cannot grow if it does not look beyond its borders. There is absolutely no doubt that this country was born of ideas of political freedom and possibilities of free trade. And this country grew only when it could grow towards the outside because its domestic market has always been small, and as the obvious objective of any Government is the achievement of higher levels of consumption and living for its people, this is what we are trying to do at the present time with the help and support of the people as a whole. You will therefore realize, Mr. President and distinguished delegates, how important the results of this meeting are to us and what it could mean in the course of time. Closed trade, a world compartmentalized into blocs behind protectionist walls is a world in which countries like ours find it difficult to develop. Only the wind of freedom wafting through the trade system and more equitable conditions can genuinely enable countries like ours to grow.

You will therefore understand why we feel such responsibility for and take such interest in this meeting, which, in my view, is clearly of paramount importance. For it will not go unnoticed in the years to come. We all hope and pray that it will achieve the very best results. Yet it would not go unnoticed even if it failed to do so because in that case, unfortunately, it would mark the beginning of a period of the closing of economies, confrontations between countries and instability in the world. Neither its success nor its failure will go unnoticed, and I believe that its success depends on our respective wills, the impartiality with which we act, our willingness to put aside our selfish interests, and the efforts we make in the conviction that only a world committed to the principle of international co-operation can be a just world in which it is worth living.

We can, of course, look back over the last four or five decades and ponder what the existence of this body - of this forum - which is meeting today, has meant during the post-war period. We all know that GATT was founded 40 years ago, during a period of enormous upheavals in the world, as an institution whose objective it was, through the development of trade and through free and non-discriminatory trade, to endow the world with a capacity for expansion that would enable it to live in peace and find an equitable balance. The world, which had experienced the crisis of the 1930s, gone through an economic war and had then plunged into the real war of military confrontation, realized at the time that trade and the freedom of trade were the most important conditions for peace. There is no doubt that this institution was of fundamental importance in the creation of new conditions.

It was certainly the forum in which these new ideas began to be discussed, and in the 1960s and 1970s we were able to witness a genuine expansion of trade. Just as we have witnessed the reverse trend in the past few years. For whereas during the 10 years prior to 1973 - the year of the first oil shock - trade had expanded at an annual rate of 9%, in the following 10 years, namely, from 1973, it increased only by 2.3% or 2.4% per year. This demonstrates that at a certain moment the rate of growth began to slow down, that the expansion of trade began to grind to a halt, and that the reaction of the part of countries was increasingly to close themselves in. A world of blocs began to take shape, and it was at that time that countries began to withdraw within themselves - a process which has unquestionably been of enormous concern. It has been a source of concern to all and us in particular, for we are part of an area in the process of development, an area full of difficulties, an area replete with problems, which has suffered as have very few others from the distortions created by this situation. This is because the withdrawal of countries into themselves was immediately accompanied by two developments. The first was the introduction of protectionism and even discriminatory trade practices that reversed the process of the removal of tariff barriers. Oddly enough, and indeed paradoxically, the process of removing tariff barriers was followed by a steady increase in non-tariff barriers and the use of more sophisticated methods of distorting trade.

Secondly, the contraction of trade occurred in a discriminatory manner in that it was the developing world that lost ground; its trade instead of increasing, declined. This is not to say that this development reflected an unsound formulation of objectives; yet it is a fact that the situation was such that this contraction of trade had a much more negative impact on the developing countries than on the industrialized countries; and the industrialized world then began to devise all these new methods of protectionism and trade discrimination.

It is in this context, therefore, that we gather here at this Conference. I should now like to take the liberty of sharing with you a few thoughts about agricultural development and about what it means to a country like ours whose very life blood depends on agriculture and agricultural possibilities. I would ask you to imagine what it means for a country like ours which used to have a traditional agrarian economy to modernize, to call upon its producers to irrigate and to be efficient and then, when this efficiency makes it possible to produce more and better crops, to be told that efficiency is not enough. Because today these agricultural producers in countries like ours are not competing with other agricultural producers in a free market and on an equal footing; the agricultural producers of our countries are not competing with agricultural producers in other countries, but with treasuries, subsidies and the financing provided by the treasuries of very powerful countries. And this, for us, is something we are powerless to do anything about; it is an insuperable barrier for us, and something we cannot overcome.

We are therefore obliged to speak our minds frankly and say that, in this respect, we are all losers - that we are losing and that the major industrialized countries are also losing. Consumers in the industrialized countries are paying more for their foodstuffs; industrial workers in the industrialized countries are losing opportunities as a result of this distorted economic situation in which they have to subsidize another sector of the economy which is less efficient and which is absorbing enormous resources from their treasuries; and these resources are paid for by the taxpayers who are therefore also disadvantaged by this situation. As for us, what is at stake is not only our producers, but also our very capacity to survive and our agricultural producers themselves; what is also at stake is our political and social stability because, in countries like ours, freedom and political stability also depend on the social stability of our agricultural producers. The problem is, therefore, one that goes beyond a purely trade context and beyond what is simply an economic context.

For this reason, Mr. President, we would add that we have consistently regarded economic development as an integrated process. You are aware that, together with other countries of Latin America, we subscribed to the Cartagena Consensus and that we have struggled all this time to cope

with an extremely difficult debt situation. You are aware that we have tackled it responsibly and resolutely, that we have done so not by adopting irresponsible positions or by seeking political advantage but by invariably trying to find positive solutions. Never have we failed to adopt a positive attitude, a constructive attitude. We made a point of emphasizing in the Cartagena Consensus that external debt was not simply a financial problem but one that was both of a financial and trade nature, because in the final analysis without an expansion of trade our economies would not grow, and if our economies failed to grow no financial machinery could offer a solution to the debt problem. Similarly -putting things the other way round- we emphasized that only freer trade would permit more rational debt management, and would enable all countries, both industrialized and developing, to co-operate and to interact within an integrated world, to participate in one and the same international community and remove all the threats and dangers that have darkened the horizon of the world during the past few years.

In our view all this is part and parcel of the same thing, for development comprises economic, social and political factors as well as freer and more equitable trade; it also implies that external debt should not become a suffocating burden but simply a financial problem that can be resolved in a financial context on the basis of an expanding economy.

For this reason we come here today, to this Conference, to this meeting, to state our conviction that the time has come to lay the foundations for more freer trade, to strengthen the basis of non-discriminatory trade, to emphasize once again that what we the developing countries need is not grants but the recognition of a factual situation which has for some years been calling for the establishment of principles and standards that would permit us to make progress more easily. We have come seeking standards ensuring stability, we have come seeking to ensure that comparative advantage is really allowed free rein and does not remain stifled as it has been in the past few years during which this principle was merely a theoretical concept, because comparative advantage in agricultural or industrial production was unable to play an important role in the context of the permanent distortions brought about by subsidies and protectionist machinery. We have therefore come here to say that we must turn our backs on this protectionist system that has unfortunately been expanding and return to the original spirit of the GATT.

I believe that this forum can contribute to this process and that this body can make a decisive contribution to this discussion. This Conference of Punta del Este is not, in our view, the end of a process. We hope that it will be the beginning of a new process, of the launching of a new discussion. Our common objective is undoubtedly

a new round of trade negotiations, but I feel it is very important that we should realize that everything depends on the spirit in which we approach this round. If we fail to overcome existing prejudices and open our minds to possible solutions, we will be unable to find solutions; indeed, it is only too clear that there are no simple solutions, for the problem is of a complex nature, and to suggest that simple solutions can be found to complex problems is to fall into the trap of simplification. We know that in the industrialized countries problems such as the agricultural problem could imply very difficult adjustment processes; we, in the countries of Latin America, know the meaning of difficult adjustment processes, because we have been coping with such processes during the past few years and have done so in a self-sacrificing and responsible manner. Today we are not calling for a dramatic or traumatic change; what we are asking for is a resolute decision to begin serious and frank negotiations in which we can make progress, slowly but surely. The only thing we are asking for today is that, from our position in the middle of the tunnel we know where to look for the light; we want to know where the goal is situated; we want to know that, after a difficult and exhausting journey there will eventually be a dawn, that we will at last reach the end of our trials and tribulations.

Mr. President, people should, in Cicero's words, draw lessons from the history of the world. Unfortunately this is not always the case. Here in the West we know that whenever our trade closes down we experience periods of feudalism and that each time that it opens up we experience a renaissance. Under feudalism we used to live behind our walls and in our fortresses. This was the world of the Middle Ages. The Renaissance saw the flowering of the sciences, the arts and political freedom and it was brought about by the advent of free trade opened up by the enlightened cities of Italy, the powerful fleets of Spain and Portugal and the countries of Northern Europe, which put an end to the Middle Ages by beginning to trade among themselves; this was how the Renaissance was brought about. I believe that at the present time when there is so much terrorism, violence and drug trafficking in the world, we should make an effort not to close ourselves in behind our walls and revert to the Middle Ages but, on the contrary, to extricate ourselves and try to bring about a new Renaissance.