

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

MTN.TNC/MIN(94)/ST/1
12 April 1994
General Distribution
(UR-94-0167)

Trade Negotiations Committee
Meeting at Ministerial Level
Marrakesh (Morocco), 12-15 April 1994

Original: Spanish

URUGUAY

Statement by Sr. Sergio Abreu Bonilla
Minister for Foreign Affairs

On 20 September 1986, in the city of Punta del Este, our countries took the decision to launch the largest and most ambitious round of multilateral trade negotiations since the beginning of the century.

Today, after almost eight years of arduous work, representatives of more than 120 countries have come together in this beautiful city of Marrakesh in order to place the final seal on the Uruguay Round.

These dates will undoubtedly go down as cardinal landmarks in the history of the world trading system. Both of them symbolise the fulfilment of the commitment undertaken by the international community to strengthen the rules and disciplines of that system on the basis of multilateralism and of mutual advantage.

The decision to launch a new round of negotiations was not the outcome of political voluntarism. On the contrary, it was the logical consequence of the inability of the former system to respond adequately to the new demands of the international economy and world trade.

There is no need for me to dwell on all the challenges that we have had to face during the negotiations: discouragement at seeing some States falter before the temptation to resort to protectionism; the feeling of powerlessness generated by restrictive trade policies and the constant threat of trade retaliation measures. All this, on more than one occasion caused work to be suspended and uncertainty as to whether the Round could be completed.

None the less, the collective endeavour to establish a regulatory framework which would provide greater certainty, transparency and predictability for world trade and better conditions for access to international markets prevailed over sectoral interests which laid their stakes on the failure of the Round because free trade had always constituted a threat to them.

With the signature of the Final Act and the set of decisions and recommendations that we have devised, at the present meeting we shall conclude the negotiating process of the Uruguay Round.

The questions that we must now ask are:

Have the fundamental objectives set in the Punta del Este Declaration been attained?

Do the results meet the expectations that the various participants had of the Round when it began?

Undoubtedly, each country will assess the value of the agreements differently, according to its interests. It is therefore very likely that the results of the Round will be examined more in terms of desires and ideals than possibilities and facts.

For Uruguay, it is plain that it was not possible to find all the solutions that might have been hoped for. We are also aware that for many developing countries, the agreements are clearly inadequate and will be of only marginal benefit to them.

There are needs that have been postponed and hopes that have been dashed. Yet at the same time it must be recognized that the many commitments that have been met are a positive step towards strengthening the international system as a whole.

The reason for this is that by reasserting multilateralism today we shall have to our credit an important achievement whose value for harmonious relations among States is perhaps, as yet, barely discernable.

As a guiding principle for the conduct of States multilateralism, in our view, is an indivisible principle. Just as in political relations our nations are striving to find a new order that guarantees and promotes peaceful coexistence based on the reaffirmation of international law; so in economic relations it is equally important to emphasize the role of institutions and the validity of international standards as the only safeguards against discriminatory conduct and unilateral practices.

Accordingly, we believe that the new institutional framework that the WTO will provide must be a forum in which the legitimate concerns of all and particularly the developing countries can be aired.

It is important not to overlook the claims of the developing countries, for they have made significant efforts to improve their economies by structural adjustment and by opening them up to trade and have thus made a substantial contribution to the success of the Round.

Although there are plainly inadequacies or outright omissions in the results of the negotiations, our view of the overall achievement of the agreements leads us to highlight a number of areas where there has been encouraging progress.

With regard to market access, and although it is too early to assess the quantitative impact that the Round will have on trade flows, the commitments will allow an overall tariff reduction of some 40 per cent. There has also been a large increase in the number of maximum tariff bindings. This contributes to creating new opportunities to expand world trade.

These achievements will send a positive signal to entrepreneurs across the globe and to the tangible sectors of the economy, which should generate new investment and new sources of work and broaden the horizon for new productive businesses.

Uruguay has made a valuable contribution by engaging in a unilateral trade liberalization process. It has also conceded maximum bindings which constitute a considerable improvement in the treatment accorded to its trading partners in GATT.

It is a well-known fact that, for Uruguay, agriculture is a highly sensitive area. That is why for more than 40 years we have been awaiting the opportunity to negotiate greater freedom in trade in agriculture and the elimination of all distortions affecting that sector.

The Uruguay Round has provided, for the first time in the history of the international trading system, an appropriate framework to negotiate multilateral disciplines for agriculture, which will make it possible to reduce the internal support and agricultural subsidies applied by certain industrialized countries as a result of agricultural policies that are inconsistent with the principles of free trade.

Are the results that have been obtained adequate?

Undoubtedly not. But the qualitative value of the agreements is that they denote a departure from the situation currently prevailing in international markets, in which the latter are totally distorted and those who subsidize most and best carry the day.

The agreements of the Round will mark the beginning of a process of reform and rationalization of agricultural policies, opening up new opportunities for efficient producers to gain access to world markets in better conditions.

But in addition, the commitment that we are all making today is to pursue this process of reform and liberalization. To that end, the agreements will have to be deepened in the future by means of greater cuts in support and subsidies and the elimination of all measures that restrict trade in agriculture.

In Uruguay's view, to extend our commitment into the future is equally if not more important than the substantive rules for the agricultural sector set out in the Final Act which we are adopting today.

If that were not so, we would have to admit that the future of the trade system would continue to hold doubts for our country and probably the great majority of developing countries which would consider it to be of no benefit if it overlooked what is essential to their trade.

There are other sectors that have traditionally remained outside the rules of free trade and which, as from today, will progressively be fully integrated in the GATT. This is the case of textiles and clothing, where negotiations have led to a text providing for the phasing out of the Multifibre Arrangement about which the developing countries have always had doubts because it is trade-restrictive and discriminatory.

The Agreement on International Trade in Services is, in our opinion, another important achievement of the Uruguay Round. The regulatory framework and the substantial package of initial commitments to liberalizing trade in this area are the more important if we consider that the services sector is growing at a higher rate than the goods sector and is a stimulus to the international economy, hitherto not covered by GATT rules.

The conclusion of the Uruguay Round is the completion of one phase, but also the beginning of another which is equally if not more relevant.

What we have achieved is undoubtedly important, but what remains to be done is the most essential: the satisfaction we feel today at having concluded seven years of arduous and difficult negotiations should provide us with the momentum to honour our commitment to deepening the agreements.

All that has been achieved is necessary, but it is not enough to free international trade from the many tensions affecting it and which, on more than one occasion, have threatened to unleash a trade war whose consequences, though unforeseeable, would undoubtedly be devastating for the less powerful economies of the globe.

It has taken nearly eight years of negotiations to renew and strengthen the international trading system. This fact has significant value which we greatly appreciate and which no one calls into question. But it is equally important that today, as we conclude this exercise, we should set our sights higher and have the courage to assert that the new system will not be enough to guarantee a happy future.

Our communities need new horizons to ensure growth and economic development in a context of respect for the environment and awareness that some resources are non-renewable; sustainable economic development in which qualitative factors prevail over the criteria of over-production; economic growth in which responsibility for our environmental heritage is equitably shared among nations and does not create spurious conflicts between free trade and environmental protection.

We believe that a stronger and freer trading regime will be a decisive contribution to that end.

However, in our view, the expansion and liberalization of world trade are not ends in themselves. They are simply one of the best means of achieving greater levels of prosperity and well-being for our peoples, particularly those in the developing countries.

Freedom of trade is the other face of political freedom. There is no better foundation for democracies than the well-being of their societies. Conversely, there are no weaker institutions than those that are unable to respond to the fundamental needs of their peoples and have to live with high levels of unemployment, food deficiencies and critical poverty.

There is nothing more valuable to sound democracy than the ability to provide men and women with opportunities for work and betterment. The stability of democratic systems will be strengthened and the communities they encompass will acquire higher levels of cohesion, which in turn will lead to proper interaction between the citizen as an individual and his social environment.

That is why we demand more just and equitable conditions for trade, in order to build sound regimes for government, which provide adequate guarantees for the quality of life of their communities and ensure human rights and dignity.

A person whose material and spiritual needs are met. A human being who achieves self-fulfilment through the full enjoyment of his freedom.