Some reflections on the Uruguay Round



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Note: The original text was provided in Spanish

Having attended and participated in all stages of the Uruguay Round, from beginning to end, I have many memories, anecdotes and experiences that have come flooding back. Given the word limit that has been set for individual contributions and the fact that many people have been invited to contribute to this book commemorating the establishment of the WTO, I will focus on what I think was most important for our country with the launch of the Uruguay Round in Punta del Este in September 1986.

First, agreeing to host and devoting efforts to convening a ministerial conference of the GATT Contracting Parties to launch a new round of multilateral trade negotiations posed an enormous challenge for Uruguay. Particularly, as the country was in the first year of its return to democracy after 13 years of military dictatorship and complete international isolation, with all the uncertainties, pressures and priorities arising from the terrible economic, political and social situation that the country had inherited, and the need for a stabilizing domestic policy that would dispel questions about the commitment of the military to, henceforward, defer to civilian rule.

Second, as this was the first multilateral trade round to take place in a developing country, the responsibility and risks of holding it in Uruguay posed a major challenge. The significant differences of opinion among the parties throughout the preparatory process with regard to the substance and scope of that new round indicated that reaching a successful outcome would not be an easy task. It should be recognized that the decision to hold the new round in Uruguay was due in large part to the efforts of our Ambassador to the GATT at the time, Julio Lacarte Muró, with the support of the Director-General Arthur Dunkel, and was ultimately approved by our Minister of Foreign Affairs, Enrique Iglesias.

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At that time, I was the Director General for Economic Affairs at the Ministry of Foreign Affairs. I was therefore responsible for and played a central role in organizing the conference, in contributing

to its success, and in reaching concrete outcomes.

From the outset, as Uruguay was the host, I considered it essential that agriculture be at the centre of the negotiations. Agriculture had been excluded from the trade provisions and obligations of the previous seven rounds of negotiations, from the establishment of the GATT in 1947-48 until the end of the Tokyo Round in 1979, mainly due to the protectionist attitudes of the European Union and the United States to that sector. When an aspect of the agriculture sector was addressed in those negotiations (milk, meat), it was always in a superficial manner and it was discussed separately from the general negotiations.

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Another aspect that always frustrated me was that in those previous rounds, efficient producer countries, such as Argentina, Australia, Brazil, New Zealand and Uruguay, far from adopting a joint position, viewed each other as potential competitors and fought each other for the crumbs that the protectionist countries were prepared to leave them.

Uruguay as the host country had a responsibility and, I would even say, obligation to take initiatives in that direction. Accordingly, I did not hesitate to submit an action plan to Minister Iglesias to achieve those objectives.

The first step was to convene a meeting of Deputy Ministers of the efficient agricultural producer countries of the temperate zone of the southern hemisphere, namely Argentina, Australia, Brazil, New Zealand and Uruguay, to discuss the prevailing situation and the main common problems we were facing in global agricultural trade.

The next step was to take note of the serious constraints and shortcomings that had characterized the agriculture negotiations under the GATT up to that point.

The last step was to explore how, through cooperation and the preparation of joint proposals and strategies, we could ensure the incorporation and integration of agriculture into the set of principles, provisions and obligations that governed economic and trade relations among the GATT Contracting Parties. Minister Iglesias gave me the green light in that direction.

The meeting took place in Montevideo on 28 and 29 April 1986, and was well attended.

I chaired it and I believe that it was a complete success. Among its outcomes, I would highlight the following decisions:

1. That fundamental and priority importance be accorded to agriculture in the Uruguay Round negotiations. The success of the Round would depend on the proper treatment of, and concrete outcomes reached on, the issue of agriculture.

2. To that end, joint positions and actions among participating countries should be coordinated to fully integrate agricultural trade into the provisions of the GATT.

3. That the primary objective should be the expansion and liberalization of all forms of agricultural trade. For that, better market access conditions must be agreed with industrialized countries for products from efficient agricultural countries, and export subsidies or other unfair trade practices gradually eliminated, including domestic production support that distorts trade by displacing our countries from their traditional markets and depressing prices.

4. That the support of other agricultural producing countries that shared those objectives be sought.

5. That further meetings of the Group, including at the ministerial level, be held prior to the Punta del Este meeting.

6. That the Group be called the "Group of Southern Hemisphere Agricultural Producing Countries". Australia's offer to coordinate the Group's actions and activities in that first phase was accepted. The Government of Uruguay was congratulated in particular for having taken the initiative to hold that important meeting.

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From then onwards, Australia played a highly important role at the international level in making known the Group's objectives for the Uruguay Round.

A second meeting of the Group was held in Thailand in June 1986, with invitations to participate extended to countries, including Chile, Indonesia, Malaysia, Hungary (which was not a member of the European Union at that time), Costa Rica, Paraguay, the Philippines, and Thailand, as the host country. At that meeting, the

new participants basically lent their support to the guidelines mentioned at the previous meeting. Given the composition of the Group, it was decided to change its name; henceforth it would be known as the "Group of nonsubsidizing efficient agricultural producers".

To give it greater political weight, Australia convened a ministerial meeting of the Group in August 1986 in Cairns. New members, including Canada, Colombia and Fiji, were invited to attend. Opening the meeting, the Prime Minister of Australia underscored the problems that he had with the Group's name and suggested that henceforth it be called the Cairns Group. That proposal was accepted by all parties.

The Uruguay Round was launched in Punta del Este in September 1986. It was opened by President Julio María Sanguinetti and chaired by the Minister for Foreign Affairs, Enrique Iglesias.

On the first day, a series of thematic negotiating groups were established, including one for agriculture, that reported to the plenary of the Conference every day. Within the Uruguayan delegation, led by the Minister of Economy, Ricardo Zerbino, I had the honour to be given the task of leading the negotiations on the agricultural sector, in recognition of my founding role within the Cairns Group and my good relationships with its members.

I was fortunate that, within the framework of the agriculture negotiations, seen as the most complex of all the negotiations because of the opposing positions held by many countries, Australia and New Zealand were represented by the leaders of their respective delegations, the Ministers for Trade, John Dawkins and Mike Moore, respectively, who played pivotal roles.

I immediately established a very close relationship with them. We got into the routine of meeting for breakfast every day in the house rented by Minister Dawkins, who was also the spokesperson for the Cairns Group in those negotiations. It was there that we drew up the proposals and strategies to take to the negotiating table, and that we held bilateral or plurilateral consultations on behalf of the Group with different actors in those agriculture negotiations.

Among those consultations, I remember vividly the meeting with the head of the United States delegation, Clayton Yeutter, a key figure in the negotiations. Despite the importance of agriculture for the United States, he had arrived at the Conference with a rather modest position on the objectives to be mainstreamed for that sector. In the face of Minister Dawkins' convincing

arguments, Mr Yeutter's position evolved, and he finally told us that if the Cairns Group pushed firmly and managed to move its proposal forward during the negotiations, then, ultimately, we could count on the support of his country.

There were also multiple meetings with the head of the delegation of the European Union (EU), Commissioner Willy De Clercq, who continued to categorically reject the Group's position until the very last moment. What we were able to glean from those consultations was the EU's particular interest in including the topics of services, intellectual property and investment in the negotiating mandate of the new Round, something which up until then had been firmly opposed by a significant number of countries. This was key to reaching a final agreement on the last day of the Conference that reflected the interests of both sides.

The Punta del Este Declaration, adopted on 20 September 1986, sets out the following mandate with respect to Agriculture:

"The Contracting Parties agree that there is an urgent need to bring more discipline and predictability to world agricultural trade by correcting and preventing restrictions and distortions including those related to structural surpluses so as to reduce the uncertainty, imbalances and instability in world agricultural markets.

Negotiations shall aim to achieve greater liberalization of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines, taking into account the general principles governing the negotiations, by:

i. improving market access through, *inter alia*, the reduction of import barriers;

ii. improving the competitive environment by increasing discipline on the use of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural trade, including the phased reduction of their negative effects and dealing with their causes;

iii. minimizing the adverse effects that sanitary and phytosanitary regulations and barriers can have on trade in agriculture, taking into account the relevant international agreements."

I objectively think that the negotiating mandate is satisfactory and largely reflects the position of the Cairns Group countries. I know that it would have been impossible to achieve without the active participation and resolve of the Group. The mere fact

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that agriculture was included for the first time in the overarching negotiations of that new GATT Round should be seen as a very positive step. Agreeing to put on the negotiating table all issues affecting world agricultural trade, directly or indirectly, was also an important gesture.

We were well aware that this mandate was a positive step in the direction being pursued. However, it was just that, a negotiating mandate, the terms of reference to guide the multilateral negotiations that would be opened thereafter in the framework of the Uruguay Round. We had very difficult stages ahead of us for that mandate to yield concrete outcomes.

The word limit means I cannot go into the details of that Round's complex negotiations, including on agriculture, which lasted seven years and were concluded at the Marrakesh Conference in April 1994.

I will simply say that, as part of the outcome of that Round, the members adopted the Agreement on Agriculture, which is the basis for initiating the process of reforming trade in agricultural products called for in the Punta del Este Declaration. The Agreement can be considered a first positive step towards better integrating agriculture into the multilateral trading system.

A first level of access was achieved by reducing tariffs in markets that, up until then, had enjoyed a high degree of protection. The different types of domestic support for agricultural production were defined and classified into Amber, Blue and Green Boxes, covering the categories of trade-distorting measures and those that allegedly have minimal effects. Limits and certain reductions were set for export subsidies.

The outcomes fell short of the expectations of the Cairns Group countries, but as a result of this it was agreed, as part of the final negotiating package, that agriculture (together with services) would be the subject of further negotiations

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starting in January 2000, known as the "mandated negotiations". These formed the basis for the launch of the Doha Round, with its broad and ambitious mandate to pursue the liberalization and reform of global agriculture, but it is not for me to comment on that here.

I would like to conclude by saying that, given the name of the Cairns Group and the fact that it has always been coordinated by Australia (very efficiently, I might add), the vast majority of professionals involved in trade negotiations, particularly those of generations that came after the Uruguay Round, think that the Cairns Group was an Australian invention. I have the satisfaction of knowing that I was the one who came up with the idea, who brought the Group together for the first time in Montevideo, and the satisfaction of being one of its founders and main negotiators involved in achieving its objectives. I cannot deny that I take a certain amount of pride from the enormous contribution that the Group has made to improving the global agricultural trading system.