

# WORLD TRADE ORGANIZATION

WT/MIN(98)/ST/30

18 May 1998

(98-2013)

MINISTERIAL CONFERENCE  
Second Session  
Geneva, 18 and 20 May 1998

Original: Spanish

## URUGUAY

Statement Circulated by Dr. Didier Opertti,  
Minister for Foreign Affairs

Throughout the 50 years of the multilateral trading system we are commemorating today, Uruguay has played an active role. Since the Havana Conference and the creation of the GATT in 1947, it has been one of the countries that believed that the liberalization and expansion of international trade make a decisive contribution to the development and well-being of peoples. Uruguay has always considered that the existence of clear, stable rules respected by all constitutes the best guarantee for free trade, leading to the creation of wealth and international peace. It was the first developing country to make use of the GATT's dispute settlement mechanisms to resolve trade disagreements. The Uruguay Round, which led to the establishment of today's World Trade Organization and for the first time dealt with new issues, represented an extremely important step forward in the liberalization of global trade and the establishment of rules to make the multilateral trading system more predictable. Now that the system has been in existence for 50 years, in a world characterized by globalization and interdependence, the full implementation of the Uruguay Round Agreements, fulfilment of the commitments negotiated during the Round within the specified time-frames, and further advances in the liberalization process both at the regional and multilateral levels are vital for the growth and stability of the global economy.

We therefore consider that the evaluation of the implementation of the Round's Agreements being carried out in various committees is extremely positive. We think that this process should continue and, wherever obstacles to full compliance with the commitments are encountered, we should make the utmost efforts to find the best way of ensuring full implementation.

In this connection, Uruguay considers that one essential element in the Uruguay Round results is the commitment to initiate new negotiations in sectors where the outcome was unsatisfactory. The two major negotiations to which we refer are those mentioned in Article 20 of the Agreement on Agriculture, which are a priority for Uruguay, and Article XIX of the General Agreement on Trade in Services. In both cases, the time-frames agreed during the negotiations should be strictly observed. **We therefore hope that this Ministerial Conference will issue a specific mandate for beginning the elaboration of the framework and overall objectives of the negotiations, together with their agenda.**

We believe it is essential to commence at once preparatory work for the agricultural negotiations provided for in the Agreement on Agriculture, taking advantage of the 18 months that remain until the end of next year.

This will mean that, before the end of 1999, we should effectively embark upon the negotiations provided for in the scheduled agenda without any further delay. The large number of issues included in the agenda and the emergence of new areas of interest have led to talks on the possibility of launching a new round of multilateral trade negotiations. Uruguay looks favourably on this initiative, as a further

step towards greater liberalization of international trade that would lead to an increase in trade and growth of the global economy. Nevertheless, these negotiations should not delay the launching of the negotiations already agreed, particularly in agriculture. If this idea is adopted, both the negotiations initiated in accordance with the decisions in the Marrakesh Agreement, which in any event should begin before the end of 1999, and initiatives in other areas should be incorporated into the aforementioned multilateral process.

We consider that, in order to move beyond the scheduled negotiations and make further progress in trade liberalization in other areas, a multilateral round is the most appropriate way of achieving globally balanced negotiations and overcoming the limitations stemming from the compartmentalization of a "sector-by-sector" approach. In order to achieve a balanced outcome in terms of rights and obligations for all participants, we think it is necessary to agree that this new global round should be governed by the single understanding principle in the same way as the Uruguay Round.

As we have already mentioned, for Uruguay the forthcoming negotiations on agriculture are a priority. According to Article 20 of the Agreement on Agriculture, the negotiations on continuing the process of reforming international agricultural trade should begin one year before the end of the implementation period for the commitments under the Uruguay Round. These negotiations should be based on the outline laid down in Article 20 and their objectives should be those set out in the preamble to the Agreement on Agriculture. We believe that the basic aim of the reform process should be to place agricultural trade on the same basis as trade in other goods. We consider that this is an absolutely just and legitimate demand because the agricultural sector has always lagged behind in the multilateral trade negotiations held over the past 50 years. In order to put in place a market-oriented agricultural trade system, all the trade-distorting subsidies should be eliminated and market access conditions should be significantly improved.

For example, the agricultural subsidies granted by OECD countries - which currently amount to US\$280 billion - exceed the total amount of exports from Latin America as a whole. The liberalization of agricultural trade will have substantial advantages for all, not only in terms of economic growth and prosperity but also as regards food security and sustainable development. A market-oriented agricultural sector will foster trade and consequently a higher rate of growth of the economy and well-being for producers and consumers. The former will see their income rise as a result of higher exports and the latter will see an improvement in their situation due to better supplies and much lower prices. Diversification and more reliable sources of supply will lead to enhanced food security. Producers who are today kept out of global markets because of competition from highly subsidized products could have access to these markets and enjoy a higher income as a result of liberalized markets. Food supplies on world markets, especially for net-food importing countries, must be guaranteed, notably by eliminating import restrictions. The reform of policies on subsidies and market access restrictions will result in farming that is compatible with environmental conservation and will thus contribute towards achieving sustainable development.

We also consider that the forthcoming negotiations should maintain the principle of special and differential treatment for developing countries, particularly small and less-developed countries, in recognition of their economic development needs.

Lastly, we wish to refer to the main objectives that should guide negotiations in three specific areas:

#### Market access

Improved market access and the creation of new trade openings for agricultural products should be one of the fundamental objectives of the negotiations. In order to achieve this and surmount the

limited access available to many agricultural products as a consequence of the partial results of the Uruguay Round in terms of general access under the most-favoured-nation clause, differential criteria should be used for tariff-cutting according to the level of each country or customs union. Greater liberalization efforts should be expected from countries that maintain more protected and insulated markets. The negotiations should focus in particular on diminishing the so-called "tariff peaks in agriculture", the exaggeratedly high tariffs that were the current outcome of the tariffication exercise in the Uruguay Round and which in practice constitute an obstacle to trade, and on gradually reducing existing paratariff mechanisms until they are totally eliminated. Measures should also be taken to open up markets, for example, commitments on minimum and current access and the elimination of special "reinsurance" mechanisms (special safeguard for tariffied products and special treatment regimes under Article 4.2), to complement the action aimed at overcoming the limitations of the Marrakesh Agreements as mentioned above.

#### Domestic support commitments

The overall levels of domestic support for agriculture continue to be significantly higher than those in other sectors of economic activity. We must ensure that domestic support for agriculture does not again become a production incentive on a scale that distorts international trade through subsidized exports of surpluses on international markets. All types of domestic support which distort trade should be eliminated. The new reduction commitments should be on a "product-by-product" basis and be underpinned by statistical data that more faithfully reflect the true situation than those used in the Uruguay Round negotiations. The so-called "blue box" measures should be eliminated and domestic support that has no trade effects should be redefined so as to eliminate ambiguities that allow trade-distorting measures to persist.

#### Export subsidies

Negotiations in this sector should ensure the rapid and total elimination of all types of subsidies and the application to agriculture of the general regime in the Agreement on Subsidies and Countervailing Measures. Clear rules should be established to prevent circumvention of the commitments undertaken. Export credit should be made subject to an effective multilateral discipline that prevents governments from utilizing it as a form of subsidy.

#### Other Uruguay Round Agreements

In connection with the negotiation and review of other Agreements, we should like to draw attention to a number of aspects. The aim of the review of the Agreement on the Application of Sanitary and Phytosanitary Measures should be to strengthen its rules, develop the rules aimed at preventing the use of such measures for protectionist purposes, and ensure that they are consistent with internationally recognized sanitary or phytosanitary standards. **In particular, we believe that the adoption of standards requiring a level of protection higher than that recognized in the international standards should be subject to exceptional and restrictive interpretation criteria both as regards substance and procedure so that this does not become a way of distorting the objectives of the Agreement.**

We may also ask ourselves whether it is not premature to go ahead with revising some of the substantive provisions of the WTO Agreements when we are in the middle of the implementation phase and many countries, especially developing countries, are in the process of amending legislation. One example is the TRIPS Agreement, whose Article 27.3 provides for a review of the mechanisms to protect new plant varieties.

In the case of textiles and clothing, we would like to underline the importance of proper implementation of the Agreement, avoiding recourse to new forms of protectionism. The process of integrating this sector over a ten-year period shows that importing countries wish to leave the incorporation of products of greater trade importance until the end of this period. This could cause difficulties that might hinder full compliance with the Agreement. Uruguay will comply with its commitments and at the same time hopes that its trade partners will do the same.

Concerning services, since the last Ministerial Conference in Singapore, Uruguay has taken part in the negotiations on financial services and is currently participating in negotiations on disciplines in the accounting sector. We take this opportunity to reaffirm Uruguay's support, already expressed in Singapore, for the new round of negotiations on services programmed for the year 2000.

With regard to the settlement of disputes, throughout its history Uruguay has consistently shown its attachment to the rule of law and the peaceful settlement of disputes. We therefore attach special importance to the dispute settlement mechanism established within the WTO and wish to emphasize that the fact that developing countries are increasingly turning to this mechanism when they consider that their interests have been adversely affected is a very positive development.

We also wish to underline the importance we attach to the WTO's technical cooperation in general and in particular technical assistance to developing countries in relation to dispute settlement.

Regarding the procedures under way for accession to the WTO, Uruguay once again affirms its support for the entry of new Members, which will give the Organization greater vigour and strength. It will lend this support on the understanding that the new Members will undertake to respect the rules of the multilateral trading system, offer improved access to their markets with advantages for the other Members, and that accession does not represent a deterioration for them in comparison with their previous situation.

As we have already stated, Uruguay accords special priority to the issues in the so-called "built-in agenda". Nevertheless, as far as new issues are concerned, we are open to discussion, but we repeat our view that a multilateral round is more appropriate than sectoral-type negotiations.

I have left until last the question of regional trade agreements, which we consider to be of special importance. In this connection, I wish to underline the substantial contribution made by MERCOSUR to the trade liberalization process, its full consistency with the rules of the WTO, and its contribution towards the development of the economies of its Member countries by allowing them a bigger and better place in the international economy.

Trade flows both within and outside MERCOSUR have continued to increase and this subregional regime is attracting the interest of many trade partners. Trade among the four member countries has increased fourfold, from US\$5 billion in 1991 to US\$20 billion in 1997. At the same time, MERCOSUR's imports from the rest of the world increased at an annual aggregate rate of 20 per cent, from US\$30 billion in 1991 to over US\$98 billion in 1997, exceeding even the substantial increase in exports to third countries, which grew at an annual aggregate rate of 11 per cent. In addition, foreign direct investment in member countries has increased enormously and now amounts to approximately US\$15 billion, seven times greater than at the beginning of the integration process.

To conclude, Mr. President, we wish to stress that full compliance with commitments under the Uruguay Round, the continue the negotiations called for therein, particularly in agriculture and services, and further progress in the trade liberalization process, are indispensable for the strengthening of the multilateral trading system which, over the past 50 years, has aided development and has prevented, or at least attenuated, numerous international conflicts. Fortunately, it is increasingly being recognized that free trade contributes towards the growth of the global economy and the prosperity

of peoples. We are convinced that, at the beginning of the new millennium, the World Trade Organization has an essential role to play as the point of convergence of all trade liberalization efforts at both the regional and individual levels, and as the engine for intensifying this process.

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