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PARAGUAY

Statement by H.E. Dr. Guillermo Caballero Vargas Minister, Economic Advisor of the Presidency

The delegation of the Republic of Paraguay would like to congratulate Your Excellency on your election as Chairperson of the Third Ministerial Conference of the World Trade Organization and would like to thank the Government of the United States and the city of Seattle for its hospitality in hosting our debates.

Our delegation has come to this Ministerial Conference with great expectations, conscious of its crucial importance for the future of world trade and for the economic development of our countries and the welfare of our peoples. History has shown that the successive rounds of multilateral trade negotiations of the GATT/WTO have been important milestones in the evolution of the trading relationship among all the countries of the world and, consequently, of the transformations in mankind's way of life. It is quite rightly believed that the implementation of the results of the Uruguay Round played a decisive role in the advent of the so-called globalization of the economy, a phenomenon that affects the lives of most of the human beings that inhabit the planet.

However, the Paraguayan delegation is also attending this Conference with grave concerns, mainly because the world economy and world trade do not appear to bear the slightest resemblance to what was intended in Marrakesh to give effect to the agreements of the most recent round. The main trading partners within the WTO have used to their advantage the very smallest concessions that we, the developing countries, have made with great sacrifice and with great hopes, but, in contrast, they have not been capable of opening up their own markets to assist the development of our economies, limiting themselves to the formal fulfilment of their undertakings, but blocking the entry of our goods into their own markets by means of new and unforeseen obstacles. And what is worrying us now is that when the negotiations in a new round end we shall find ourselves in the same situation as today, or perhaps in an even worse situation. Is that to be the fate of the Millennium Round that we are attempting to initiate today?

Paraguay has consolidated itself in recent years as a democracy through its respect for human rights and all freedoms. In Paraguay, there is full freedom to trade and to repatriate capital and dividends; there are no surcharges on currency transactions nor are imports subject to quotas or prior licensing; my country does not restrict the export of the raw materials that it produces; it places no obstacles of any kind in the way of trade and does not subsidize its exports.

Paraguay has sought to contribute to the expansion of commercial exchanges by joining the Southern Common Market, where it has committed itself to the establishment of low customs tariffs, the elimination of non-tariff restrictions and, in general terms, to the facilitation of trade with all the countries of the world. As a reward for its efforts, its traditional markets outside MERCOSUR have gradually been closed as a result of new and more stringent requirements, to the extent that now 60 per cent of its exports go to the markets of its partners in the customs union. The benefits of the Generalized System of Preferences in promoting our non-traditional exports have disappeared.

Despite the promises that we have received in exchange for real concessions during our negotiations on accession to the GATT, and despite the hard work and persistence of our Government, we have not been granted the quotas for special cuts of meat. What is the point of trade liberalization if it only applies to the developing countries, while the markets of the developed countries remain closed to our goods?

Paraguay is a country whose economy is based on agriculture, livestock raising and the exploitation of its forestry resources. Fifty per cent of its population works in these sectors, which provide 85.5 per cent of its exports. For very good reasons Paraguay, like the other members of the Cairns Group, is calling for the total elimination of export subsidies and a ban on their reintroduction in the future, together with the application of strict rules against all measures that distort international trade in agriculture. On the basis of a legitimate and well-founded interest my country is seeking to have agricultural goods treated in the same way as the manufactured goods which it does not produce itself but which it has to import. Paraguay categorically rejects the new concepts invented so as to try to justify the maintenance of the situation prevailing for agricultural goods in world trade, such as the multifunctionality of agriculture, the precautionary principle, food security, animal welfare, etc. Are millions of farmers in the under-developed world to be sacrificed for the benefit of an infinitesimal number of rich people living in rural areas in the industrialized countries? Can the beauty of the landscape in a few countries possibly justify the abandonment of farming and the crowding of people into poor shanty towns in dozens of other countries? Do animals deserve better treatment than human beings? Must our peoples go hungry so as to ensure food security in the developed countries?

Paraguay considers that the application of Article 20 of the Agreement on Agriculture of the Uruguay Round constitutes the floor of the process of trade liberalization in agricultural goods and not its ceiling. The reform programme that took its first timid and confused steps with the Agreement on Agriculture should carry on beyond the conclusion of the period of implementation at the end of the year 2000 and the new round that is about to begin should lead to a substantial expansion of that process, so that at the end of its period of implementation the same rules and the same exceptions are applied to agricultural goods as to manufactured goods. The attainment of such an objective does no more than give to the poorest countries the justice of which they have been deprived for so long.

Paraguay believes that new levels of fairness can only be achieved if the differential and more favourable treatment of the developing countries is expressed in the form of concrete measures that are subject to verification and quantifiable evaluation. Despite the constant mention of differential and more favourable treatment for the under-developed countries, the mere observation of the facts leads us to conclude that so far the only beneficiaries of more favourable treatment have been the industrialized countries, inasmuch as the multilateral trading system has allowed them to exclude agricultural goods and textiles from its rules, so that they can establish rules of their own with a view to promoting their own economic development. Faced with the failure of the measures adopted at the Uruguay Round for the benefit of our countries, the Millennium Round will need to seek other ways that will help to provide us with effective and efficient mechanisms to enable us to benefit from our participation in world trade, while supporting our own domestic efforts.

Paraguay is once again ready to make its contribution to the complex exercise represented by a WTO round of negotiations. However, it will analyse with great care the terms of reference and the means of implementing the process and will evaluate its results in the light of the principle that "nothing is agreed until everything is agreed", so as to be sure that the extension of globalization does not mean that there are only benefits for the richest countries and greater inequalities that act to the disadvantage of the poorest.
