

# WORLD TRADE ORGANIZATION

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## SPAIN

Statement by H.E. Mr. D. Rodrigo De Rato y Figaredo,  
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Minister of Economy and Finance

### **The WTO as the basic free trade institution**

The opening up of international trade that we have all achieved together over the past decades has resulted in a growth in international trade at a pace far exceeding the growth of the world economy, has contributed to the growth and development of nations, and has been a fundamental vehicle for the transmission of new technologies and knowledge.

The GATT, and now the WTO, has been the driving force behind this opening up of trade. The WTO plays a fundamental role both as a forum for commercial negotiations leading to freer trade and as the body responsible for ensuring that international trade develops in the framework of agreed transparent and stable rules.

At this stage in the globalization of goods and services markets as well as financial markets, it is essential that society should clearly understand the objectives and the mechanisms underlying the activities of the WTO as the basic institution defending the principles of free trade. And here, both the EU, and Spain in the framework of the common trade policy, stress the importance of the multilateral approach to the development of international trade relations.

The World Trade Organization is the institution responsible for establishing clear rules governing international trade, and its importance is all the greater at moments like this when the process of internationalization precludes the treatment of economic issues as isolated issues for a country. In fact, during the recent international financial crisis, the mechanisms of the WTO made it possible to stem protectionist tendencies that would have aggravated the effects of the crisis. Today, experience has shown us that the maintenance of free trade has played a decisive role.

### **New challenges for world trade**

The Marrakesh Agreements of 1994 foresee the need to negotiate the further opening up of agriculture and services in the year 2000. However, as already indicated in Singapore, the challenges facing international trade go far beyond trade liberalization in certain specific sectors, and it is here in Seattle that we must take up those challenges.

One of the major challenges facing the WTO at this ministerial conference is transparency and dialogue with civil society. It is essential that we should respond to the concerns of citizens and assess the utility of WTO mechanisms in resolving the problems they have raised.

Aspects such as consumer protection, and within that concept, the precautionary principle, the multifunctionality of agriculture, and cultural values, to name but a few, require the utmost attention on the part of international trade officials. At the same time, within what has come to be known as the "new international trade agenda", increasingly intensive discussions have developed on the subject of trade and its relationship to other aspects of economic activity such as investment, competition, labour rights and the environment. WTO agreements must be inspired by the principle of sustainable development.

In addition to these subjects, we have the opportunity here in Seattle to discuss the system of arbitration and sanctions created in 1994. The WTO administers the powerful dispute settlement mechanism and the system of trade retaliation. We must be aware of the interest that these questions arouse and we must use them carefully: in no case should they serve purposes other than those for which they were created.

Finally, we must be aware that the WTO is not an isolated instrument, and we must coordinate it with the other multilateral institutions in order to achieve a more balanced and transparent world economic order.

### **Strategies for achieving these objectives**

To achieve these objectives Spain, within the EU, has defended the need for a comprehensive approach which would enable us to deal with the challenges and demands of globalization and, using the formula of a single commitment, would ensure that we achieve the desired balance of concessions which would enable everyone to profit from these negotiations.

In this connection it is important to pursue the progressive liberalization of international trade in agriculture and in the fishing sector, ensuring that it is given the individual treatment it requires, as well as in industrial products and services, taking account of the specific circumstances of each of these sectors of economic activity.

The integration of agriculture is a commitment that Europe accepts in the knowledge that Article 20 of the Agreement on Agriculture signed in Marrakesh also recognizes the existence of non-trade concerns such as consumer protection, multifunctionality of agriculture and suitable protection of food quality. Attempts by certain countries to force through the agricultural reform process immediately, when Article 20 defines it as an ongoing process, clearly make no sense.

Fishing cannot be subjected to the same rules as the other non-agricultural sectors, but requires specific rules. Negotiations on fishing should take account of the objectives of the international agreements on environmental protection and management of natural resources and of the existence of previous international agreements on fishing and formulae which facilitate the setting up of joint ventures for the exploitation of resources. In this sector, trade liberalization must be accompanied by policies and agreements which ensure that the exploitation of resources is properly managed.

The rules governing international trade must be reinforced and reviewed in the light of the experience of these past five years. We would be prepared to accept a ministerial declaration containing a clear mandate for us to continue along the path of international trade disciplines taking account of the interests of all of the Members of this Organization.

The implementation of the Marrakesh Agreements has unexpectedly become one of the obstacles to consensus at this ministerial conference. The Spanish delegation shares the EU's readiness to examine the complaints or the difficulties which have arisen in implementing the agreements, but considers that it is essential to distinguish between the subjects relating to

implementation and those relating to the reopening of the balance of concessions, which should be considered as falling within the domain of negotiations.

### **Concern for development**

Development is a constant concern for Spain and the EU. Indeed, we have been pioneers in producing initiatives in favour of the least developed countries and we maintain important concessions in favour of the countries of the Lomé Convention and apply a generous generalized system of preferences.

Spain not only shares in the European initiatives, but also considers poverty relief to be one of the cornerstones of its national policy. It participates actively in the debt remission initiatives of the multilateral financial institutions in favour of the heavily indebted least developed countries, has contributed to the financing of structural adjustment loans in the poorest countries and has committed itself to relieving the bilateral debt in accordance with the conclusions of the Cologne European Council.

At the same time, it has offered to cooperate in different isolated cases where natural disasters, such as hurricane Mitch, have seriously affected the economies of the countries of Central America, or in financial crisis such as the recent one in Brazil, contributing to the IMF contingency funds.

We think that the World Trade Organization should move towards ensuring that these programmes to combat poverty have permanent effects. This requires the integration of the developing countries into the international economy so that they can benefit from the opportunities offered by the global economy, using the specialized international institutions to that end.

Within the EU, Spain has defended the view that policies calling for debt remission, the elimination of barriers to trade, and financial development should be mutually supportive and should be formulated in a coherent framework and not in isolation.

The need to take up the challenges of globalization which I stressed at the beginning of this statement requires that the WTO should be able to analyse and deal with these tasks not individually, but rather in terms of the interdependence of political and economic decisions, through cooperation with other international organizations, and above all, through intensified dialogue with civil society.

### **NGOs and transparency**

The massive presence of non-governmental organizations in this conference is a novelty that we should welcome, and it reflects the growing interest of our societies in the questions that we are discussing here. The obscure and reserved nature of the former GATT gave the impression that its work boiled down to questions for experts. The curiosity and attention that has been awoken by the WTO is a hopeful sign and underscores the importance of its role. We have an obligation to explain the mechanisms, the means and the capacity of this Organization as well as its limits, so as not to arouse unreasonable expectations. The ministerial declaration must be ambitious and must take up the challenges which internationalization has placed before us. We must not disappoint the hopes of all those who have their eyes turned towards Seattle today.

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