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PRESIDENT SANGUINETTI ADDRESSES GATT DELEGATIONS IN GENEVA

The following is the full text of an address delivered by His Excellency Julio Maria Sanguinetti, President of Uruguay, at a meeting of heads of Geneva delegations at GATT headquarters in Geneva today.

Representatives of the Contracting Parties. First let me express my satisfaction and say how happy I am at finding myself here this morning to testify once again to Uruguay's attachment to the purposes of this institution, to confirm once again our commitment and our determination to associate ourselves personally and our country to the objective of developing a more free and more just trading system represented by GATT.

The historic Conference of Punta del Este, which launched the Uruguay Round, was undoubtedly a milestone in the life of GATT. It was also a historic milestone for us in Uruguay in that it associated our name with this hopeful effort. I believe that, above all, this Round has had something fundamental in its spirit and its essence, which is not to look to the past but to look forward to the future - not to try to restore wrongs on the ruins of the past but to begin building towards the future, in the belief that this turn of the century requires us not to deal with threats and spectres of crisis or of wars as did the century which is ending but, on the contrary, to deal with a world civilization, in all its diversity, ready to build an era of freedom and peace in which the development that man has achieved in science and technology can really be transferred to the economic field, be translated into greater possibilities of well-being for all men and women on this planet, which is also how they can become more free and their individual lives can really achieve the fullness of development. In the Uruguay Round we have staked our hopes on the future and we now find ourselves at the half-way mark. We can say that so far everything has been moving in the right direction but we must also say that we still do not hold in our hands the concrete results we hoped to find. We must therefore reaffirm our will to achieve those results, now

that we have a fixed period within which to attain the culmination of our work. However, if my presence here has any meaning it is to say that what we need with increasing urgency is practical evidence, concrete evidence that we are moving towards the principles of the Declaration of Punta del Este. It is necessary to achieve concrete results as soon as possible.

Of course, we should not pause in the belief that a few scattered achievements are a substitute for the actual attainment of the final result to which we are committed, but we must also realize that if this final result is to be achieved we must continue to give proof that we are on the way to attaining. If we persist in believing that each case is a special case, it will be difficult to achieve this final result, since all cases are inevitably special cases and we cannot allow ourselves to be lulled into a sense of complacency which is at times wont to paralyze the international organization; on the contrary, we must continue our search for these tangible achievements as proof of our determination to achieve the final result.

Our country by definition takes an optimistic view of things because no small country can - from the moment it comes into being - fail to be optimistic when it is not singled out for greatness by geography or economic power, and it is therefore through the affirmation of its inherent values that all its future prospects and possibilities can be realized. Our country believes in the international community because it believes in the rule of law and freedom. And it is because we believe in these things that we are here today to state that all these values form a harmonious unit. We belong to a Latin America which has been the most indebted region of the world and which, five years ago, appeared condemned to experience an external debt crisis and a war due to the internal problems of Latin America. Although we have not overcome our debt problems we can today say that Latin America has experienced neither this crisis nor an apocalyptic situation brought about by the war. Our persistence in seeking solutions has had the effect of producing increasingly encouraging results. None of the Latin American countries has turned its back on the search for solutions through negotiation; we have been finding these situations and each refinancing operation has revealed to us the existence of some new element. We have completed two refinancing operations in Uruguay and each one revealed new positive elements. Mexico has also completed one such operation with positive results, some of which would have been unthinkable two or three years ago. Brazil, as well as Argentina, is coping with this problem at the present time. We are incorporating new and imaginative elements at each step. I think that we can today have confidence in our own strength, in that we know that this external debt has not paralyzed us, but it is also quite clear that if we remain locked into this subject of external indebtedness our vision will remain directed backwards towards the past and we will compromise the achievement of future solutions. There is no question of continuing to negotiate and refinance the external debt for ever. We know that our generation will have to live with it, and I would say at this point that it is not a source of concern to us. What is important is that the growth of the economy should continue, but there can

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be no growth without trade based on expansion reflecting freer and more just trading conditions. Only greater freedom of trade will permit economies to expand and only economic expansion will ensure that foreign debt becomes a thing of the past.

We must look towards the future and realize that possibly this debt, far from declining, will have to increase because the economic expansion will require investment at a much higher level than that of today. The only way of bringing about a more prosperous future is through greater investment. How can modern technology be acquired if not through investment on an increasing scale? If our countries are to grow, they require steadily increasing investment in the industrial, scientific, research or agricultural spheres. But such investment has to be predictable; the conditions and rules of the game for such investment must be laid down in black and white. Such investment, if it is to take place in countries such as ours, requires above all stable conditions, beginning with the stability of markets. There is an awareness of the need to arrest the protectionist machinery which in recent years has dominated the world, notwithstanding the principles on which this organization is based, and all countries are agreed that development must continue. Some progress has been made. Every day brings fresh achievements. Yet every day we also observe that the amount of money earmarked for subsidies is increasing. This is confirmed by the discussions in the European Community. Every day new efforts are made and new ideas presented with a view to dismantling protectionist systems, yet the inevitable result of such discussions is that yet more funds are earmarked for subsidies. We can of course understand that the developed countries should wish to protect their producers, and particularly their agricultural producers, who are invariably at the epicentre of these discussions. The protection of agriculture, which is in the process of transformation, is one thing, but it is quite a different matter when this protection distorts prices, when it distorts the international economy and when we find ourselves living in a world of surpluses and excess production whose prices are completely unpredictable.

Our countries have made enormous efforts to change; they are still making these efforts and will continue to do so. Our own country - a small country at that - has done so. We have transformed much of our production and can point to a high technological level in many sectors of agriculture. But then we encounter a market in which price distortions, drastic price declines and other artificial distortions frustrate all our efforts. We want to compete and we want our farmers to compete with those in other countries. But what we cannot accept is that our farmers should have to compete with the treasuries of the industrialized countries, because such competition is not fair, it is not just, it is not rightful and will never allow us to solve our problems. We wish to compete in farming as farmers; we wish to compete in industry as industrialists. We cannot compete with treasuries. And this I believe is the crux of the whole question. We

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understand that the problems of change in all developed countries are very great and that governments must have policies which we cannot ignore, because all of us know that social problems have a political dimension and we do not disregard the fact that governments must administer these matters, confront them and face up to them with a sense of social sensitivity, but I repeat that measures have to be taken to deal with a social problem, to assist a farmer in his needs or in the risks inherent in a change of production, or in the risk entailed in a technological transformation which displaces him. It is one thing, I repeat, to deal with such a social problem, and another to pour out money to distort prices or to devise solutions which ultimately doom progress because they leave no room for technological investment and no room for reproductive investment.

Our own people have seen their markets disappear. I can point to one example. Let me cite just one example from my country, in 1980, 1981, 1982, 1983, Egypt represented 30 to 35 per cent of our meat exports. Since 1984 we have not been able to sell a single kilo of meat in Egypt, and we have lost all our bids. It is not that we have lost competitiveness. It is not that we have lost our technological capability, because Uruguay is today at a peak in terms of herd size both for cattle and wool. However, we have been unable to sell any more meat in a market which was a traditional one for us, in a country with which we have the best diplomatic and political relations. Quite simply, we have been unable to compete with sales of meat surpluses from the developed world.

This difficulty is one you are familiar with: it has recurred in many situations throughout recent years. And this is the crux of the matter. It is necessary to establish multilateral guarantees, we must establish, a transparent system in which we can have greater foreseeability in order to be able to guide our investment.

From our viewpoint, the Cairns Group provides an excellent demonstration of how we wish to work. We do not view the next stage in world relations as a mere confrontation between industrialized countries and developing countries, because I think that is a closed, selfish dead end. I would also say that it is a way of continuing to look back towards the past. The Cairns Group brings together industrialized countries, socialist-economy countries, developing countries, and countries with a liberal economy such as our own. And we all share the same vision. In short, with flexibility and realism, what we are calling for is precisely that there should be a system in which we know what to expect and can orient our research and production investment according to its rules. We members of the Cairns Group, for example, already have a number of specific, practical good experiences. Wool, for example, is a product that offers a model of market transparency. Our own country is a seller of unprocessed raw materials and a seller of products at all manufacturing

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stages. They all compete domestically on our market just as they compete internationally, and technological investment is increasingly justified both in primary agricultural production and in final manufacturing production. This is a good example of the fact that market transparency and foreseeability allows the expansion of production and productive investment.

Unfortunately, this is not the case for other products. I therefore think that we should look at the problem as a whole and say that this is the direction in which we should go. Metternich, who was also an organizer of the past and not an organizer of the future, midway between the old régime and the new régime of institutional systems in Europe and the world said that it was easier to foresee and prevent great storms than sudden squalls. And I think that this is to some extent true. We believe that today we are better able to prevent storms, as last October's crisis showed. With the stock-market crisis, everyone saw the spectre of 1929; but the progress of economics and the development of financial administration enabled us to cope with the crisis relatively successfully. Storms are more difficult to foresee, as Metternich said. But these constant squalls are much more difficult to foresee, and their results are more underhand because they are not accompanied by the apocalyptic menace of great storms. And yet, in apparently normal everyday life, they in fact prevent us from leading a normal existence. They prevent us from growing normally. They prevent us from foreseeing future situations. They prevent us from working in the climate of trust, calm and hope that is essential if we are to face the future as we really must face it.

Because we believe in freedom and because we believe in peace, we believe in economic growth as the underpinning for peace and freedom. We all know that whenever world growth has ceased and whenever the world has turned to economic isolation, that egoism has led to war and jeopardized freedom. Our aspiration, therefore, is that the dawning century will not be a new stage of modern feudalism in which a selfish world of large powers or groups of powers fight from behind their battlements. We must believe in a freer international community and remember that the only firm foundation for the freedom we all want, and the peace we wish to safeguard, is sustained economic growth which will in turn justify and allow investment and access to science and technology.

You, the members of the GATT Council, as negotiators, have in your hands a great responsibility. It is a great collective responsibility. Collective responsibility dilutes individual responsibility; but you must remember that each of you has a huge responsibility, each of us in our own countries has a huge responsibility, in what we do over the next twelve or fourteen months. During those months we shall be determining whether international trade will advance towards a stage of greater liberty and really bring hope for the world or whether on the contrary the hope kindled by the Uruguay Round will end in a great failure. And I would say that if

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the latter were to occur, that failure would also be historic, because it would be the beginning of a very sad period not only for trade but also for the financial and monetary spheres, and hence for our institutions and for civilized international life. We are well aware today that it is in this area of trade that the struggle for progress, institutional stability, freedom and peace is beginning to be waged.

You all bear an enormous responsibility. We all bear an enormous responsibility. And I am confident that the next generation will look upon us as people who had the boldness and courage to overcome individual egoism and really build a freer world, and one which, being freer, will also be fairer.

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