

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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CUBA

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On behalf of the Cuban delegation, I should like to join previous speakers in congratulating you on your election, Mr. Chairman, and to extend our greetings to your fellow officers. Allow me also to wish you all success in guiding the work of this meeting and, through you, to thank Mr. Enrique Iglesias for his contribution to the work of the Uruguay Round.

My country is one of those that have come to Montreal with the objective of re-establishing and revitalizing the multilateral trading system, which has been distorted and denatured by selfish interests that seek to adjust the rules of the General Agreement to their national policies, extend its coverage to areas that have nothing to do with trade, and promote tariff-graduation schemes in order to ensure that developing countries bear a large burden of the obligations deriving from the General Agreement and other instruments negotiated within its framework.

The intent to modify GATT is understandably disturbing to countries, which, like ours, are part of the underdeveloped world, and it forces us to the realistic conclusion that the actions being undertaken are not compatible with the challenges with which the present is confronting each one of us as representatives of the international community.

In this connection, I should like to make a few comments on the economic trends of underdeveloped countries in 1987.

The past year saw the continuation of the phenomenon that has prevailed throughout the whole of the present decade, namely an economic crisis which is tending to become chronic and which is superimposed on the basic structural crisis implied by underdevelopment itself. As a result, the so-called cyclical factors, classically manifested in annual terms, have mingled and fused during the present decade with structural factors, forming a kind of double crisis characterized by an extremely unfavourable economic situation which, acting on a substratum of underdevelopment, deepens it and generates a veritable spiral of backwardness and poverty.

The economic situation of the Third World in 1987 continued to be marked by a decreasing per capita output, the overwhelming burden of

unpayable foreign debt, deteriorating terms of trade, lack of new credits, IMF constraints, protectionism and dumping at its expense, and the selfish attitude of the bulk of the developed capitalist countries to its demands.

In terms of economic behaviour, such conditions were reflected in continued stagnation, and even decline, in the growth of most underdeveloped countries. According to the data of the 1988 World Economic Survey published by the United Nations, during 1987 the GDP of these countries as a whole increased by a meagre 2.7 per cent, which, population growth taken into account, amounts to a per capita increase of a mere 0.4 per cent.

Thus, it must be borne in mind that, in the forty-three countries accounting for more than 55 per cent of the population of the Third World, overall growth did not exceed 2.5 per cent, while in thirty-four of them there was a net decrease.

In Latin America, which continued to be the underdeveloped region most severely affected by the foreign-debt burden, the rate of growth was only 2.5 per cent, as compared with the figure of 3.6 per cent for 1986, while the per capita increase fell to 0.3 per cent.

In the present situation, the unfavourable state of international economic relations continues to adversely affect the external sector of the underdeveloped economies and remains the immediate cause of the present crisis.

The fall in the prices of non-oil commodities, which, according to the publication previously mentioned, amounted to nearly 4 per cent, had a significant impact. This factor, resulting from weakness of demand and protectionist restrictions in the major markets, and also from increased competition and the fall in the exchange rate of the dollar, led to a reduction in the rate of growth of exports from many countries and a continued deterioration in the terms of trade.

In paradoxical contrast, the foreign-debt burden and the capital outflows representing profits, together with credit restrictions, meant that, for the fourth consecutive year, the under-developed countries were net exporters of capital, remitting to the developed economies nearly \$23 billion more than they received in 1987.

The reduction in import capacities resulting from such conditions led to a marked increase in inflation rates in a large part of the underdeveloped world, which further worsened the deterioration in living conditions and considerably increased social and political tensions in many countries. Taken as a whole, the annual rate of inflation rose from 45.3 per cent in 1986 to 67.1 per cent in 1987.

The most striking increase was seen in Latin America, where the improvement achieved in 1986 as a result of certain short-term policies came to an end, and the annual rate of inflation rose from 93 per cent to 138 per cent. In Africa, now suffering even more from the debt burden and internal restrictions, inflation also increased dramatically, doubling from 13.4 per cent to nearly 26 per cent in 1987.

Once again, during 1987, the economic environment of the under-developed world exhibits the serious and insoluble situation into which it will have to be plunged so long as the conditions of the existing international economic order persist.

In view of this situation, my delegation wonders what has become of the objectives approved by the CONTRACTING PARTIES at Punta del Este in 1986 namely, further liberalization and expansion of world trade to the benefit of all countries, especially less-developed contracting parties. What has become of the standstill commitment not to introduce any trade restrictive or distorting measures inconsistent with the provisions of the General Agreement or the instruments negotiated within the framework of GATT or under its auspices? What has become of the rollback commitment whereby all trade restrictive or distorting measures shall be phased out or brought into conformity with the GATT rules?

The reply to these questions can be none other than the recognition that these commitments have not been complied with and that there is a need to ensure multilateral observance of them, which, for my delegation, is the point of departure of this meeting.

There is an obvious contradiction, one that has been pointed out in documents prepared by the GATT secretariat, between the process of negotiation under way in the Uruguay Round and the increased protectionism in the major industrialized countries. At the same time, there has been continued recourse to coercive, discriminatory and illegal measures, which violate obligations assumed and create a climate of lack of confidence and serious tensions in world trade.

If confidence is to be restored, a return to multilateralism is essential and mechanisms must be introduced which, on the one hand, ensure that the rights of all contracting parties are respected, including those of the poorest, and, on the other, prevent the application of coercive measures, whose use, for political reasons, above all by the United States of America, has become a habit.

The serious international economic situation makes clearer than ever the close link, recognized in the Ministerial Declaration of Punta del Este, between trade, currencies, finance and development, which make it necessary for these negotiations to take into account the debt problem of the developing countries, its implications as regards their increased participation in international trade and in the process of developing their economies, and to make development one of the main

objectives. I am convinced that greater participation by the under-developed countries in international trade will only be feasible if their economic development advances and their commercial and financial situation improves.

The implementation of special and differential treatment for the developing countries and the non-acceptance of the concept of automatic reciprocity in trade agreements, also included in the Ministerial Declaration of Punta del Este among the principles governing the negotiations of the Uruguay Round, are in danger of becoming a dead letter. Cuba believes that it will not be possible to consider the current negotiations as really successful unless the results take fully into account in all areas the treatment in favour of the developing countries, as prescribed in Part IV of the General Agreement and other decisions, unless they are aimed at giving priority to solving the serious problems that those countries are facing in their efforts to expand their trade and unless they can serve as a step in the direction of achieving a new, more equitable international economic order.

The negotiations must follow the approach of the Ministerial Declaration of Punta del Este, so as to avoid the present tendencies towards progress in areas of specific interest to some developed countries, and must respect the priorities laid down in that Declaration with regard to tropical products, agriculture and safeguards.

Improvement in the dispute-settlement machinery is particularly necessary at a time when protectionist barriers are proliferating, many of which violate the rules and principles of the General Agreement, thereby giving rise to serious tensions which have deteriorated into trade wars between contracting parties. This is also essential to protect the interests of developing countries, which lack the economic power necessary to take retaliatory action. The negotiations in this area must take this imbalance into account.

With regard to agriculture, it is necessary that this meeting should, as a minimum, agree that negotiations shall be continued with a view to bringing about the liberalization of trade in agricultural products in the shortest possible time.

We should like to stress that we, the developing countries, are those most affected by the distortions resulting from subsidies for agricultural products and from all the protectionist measures in the markets for these products in the developed countries. For this reason, any such agreement adopted must contain appropriate provisions to ensure that those most seriously injured by this situation up to the present will really benefit.

With regard to tropical products, in adopting the Punta del Este Declaration, the Ministers committed themselves to achieving the total liberalization of trade in such products. We believe that the conditions

have been created for adopting, without further delay, the commitments which will make this a reality. However, in this, no reciprocity of any kind implying a sectoral balance must be demanded of the developing countries, for that would nullify the principle of the more favoured and differential treatment of our countries.

With regard to tariffs, since its establishment GATT has managed to encourage a considerable reduction in the overall level of customs duties on industrial products. Nevertheless, it is clear that those applied by the developed countries to products of interest to developing countries are much higher than the average. Consequently, it is necessary to create conditions for bringing about the elimination or substantial reduction of duties on those products.

As "trade-related aspects of intellectual property rights, including trade in counterfeit goods", if rapid progress is to be made, negotiations must be aimed at achieving the negotiating objectives referred to in the Punta del Este mandate. Taking that into account, our delegation considers that the provisions of the General Agreement, as far as they relate to intellectual property rights, have had the purpose of ensuring that measures taken under national legislation to protect recognized rights are not used as a means of imposing unjustified restrictions on trade or of discriminating against contracting parties - which is consistent with the aims and purpose of the Agreement, namely the substantial reduction of customs duties and other trade barriers and the elimination of discriminatory treatment in international trade.

In view of that, it is not possible to ignore the fact that the absence of specific obligations in the General Agreement concerning the granting of a certain level of protection for intellectual property rights, does not constitute either an objective nor a purpose of the Agreement. It further follows that the elaboration of rules and disciplines aimed at ensuring that those rights are sufficiently respected to ensure their effective and adequate protection is not compatible with the Agreement.

Reducing the international-trade distortions and barriers that result from the shortcomings detected in ensuring respect for intellectual property rights or from the existence or extent of those rights is a matter falling within the competence of the World Intellectual Property Organization and other international organizations that might be competent.

Intellectual property rights are of a complex character and of themselves create economic distortions, both in general and for trade in particular, when they are granted to private holders, for which reason they shall be limited to the establishment of an appropriate balance between the rights and duties of each holder of such rights and society, which recognizes and protects his rights, and be based on the fundamental premise of encouraging the development of national creative activity in its various forms and of constituting an instrument of scientific, economic, cultural and social development. It does not seem acceptable that, in

order to reduce the distortions produced by intellectual property rights in international trade, rules should be adopted that disregard their influence on other sectors with which the action of GATT is not concerned.

Any revision of the level of protection of intellectual property rights must also serve to prevent distortions and concealed barriers to the development and trade of developing countries, so that the principles of transparency and mutual benefit fulfil their rôle.

Another objective of the negotiations is the development of a multilateral framework of principles, rules and disciplines relating to international trade in counterfeit goods.

Our delegation supports the demands for combating trade in counterfeit goods and, with that in view, considers that the effective application of existing provisions regarding intellectual property rights permits that objective to be achieved.

With regard to services, the negotiations have not yet demonstrated the need to create a multilateral framework of principles and rules in this area. Nevertheless, it has become clear that some countries are interested in making progress on this matter, to the detriment of other traditional ones. In this respect, my delegation reiterates its position of rejecting the pressures which are being exerted to bring services under GATT rules.

Services constitute a key sector of the economies of all countries and are therefore an important part of economic development strategies and are also linked, in certain sub-sectors, to aspects of national security. On the other hand, certain assertions and actions of developed capitalist countries constitute a veritable interference in the sovereignty and national policies of other States.

Therefore, we reiterate that whatever comes out of the current negotiations must respect the objectives approved in the Declaration of Punta del Este and, in particular, that of ensuring the growth of all countries and the development of developing countries. As a consequence, it would be contradictory to seek to establish a restrictive legal framework in the interests of a minority of countries and then try to impose it on the rest of the international community by economic and other pressures.

The negotiations must not lead to a new international division of labour prejudicial to developing countries, in which the benefits resulting from the production and export of services would go only to the developed countries.

I feel it necessary to emphasize the importance of documents prepared by the South-South Commission at its recent meeting in Mexico, those by the Ministerial meeting of the Movement of Non-allied Countries held at Nicosia, and by the Latin American Co-ordination and Consultation Meeting

held at the beginning of November at Geneva, for their valuable contribution to the analysis of the negotiating process of the Uruguay Round.

A few days ago, the General Agreement had its forty-first birthday. In my view, this Montreal meeting should be used to remedy the unfairness, discrimination and distortions which, under the existing mechanisms, are practised by the major developed capitalist countries. We would thereby be contributing to the economic growth of all and to the creation of more equitable international economic relations. If we do so we will be adapting the GATT to the new conditions in a climate of confidence and on a solid foundation. In that connection, I renew my delegation's willingness to co-operate actively in achieving mutual understanding, which will only be possible if we maintain the consensus which enabled us to begin these negotiations.

In thanking the Canadian Government for its hospitality and for the superb conditions that it has provided for our work, I also wish to express my gratitude to the GATT secretariat for the support it has provided.