

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

MTN.TNC/MIN(88)/ST/53
6 December 1988
Special Distribution

Trade Negotiations Committee

Original: Spanish

Meeting at Ministerial Level
Montreal (Canada), December 1988

NICARAGUA

Statement by H.E. Mr. Luis Carrión Cruz
Minister for the Economy, Industry and Trade

I thank the Government of Canada and the Quebec authorities for the warm welcome offered us and I congratulate them on the excellent organization of this conference.

Nicaragua, like the majority of developing countries, was hopeful when it joined in the negotiation process of the Uruguay Round. The clear definition of our countries' objectives and priorities set forth in the Punta del Este Declaration gave rise to these hopes.

Now, two years since the beginning of this process, the results attained do not measure up to our expectations; in fact we see real stagnation in the majority of priority areas for developing countries. No significant progress has been made in negotiations on textiles, non-tariff barriers and safeguards; attempts are being made to establish unjustifiable linkages between certain negotiating areas and to re-interpret the commitments clearly established at Punta del Este.

Tropical products are of decisive importance to the trade balance of many of our countries. For my own, they represent more than 80 per cent of exports which is why we participated with such seriousness in the negotiations. The numerous exclusions, limited number of reductions and strong positions characteristic of the negotiations to date, are evidence of a lack of political will. If this persists during the second phase of the Round, our commitments to a complete liberalization of trade will once again be rendered meaningless.

These last months do not give us reason to be optimistic but we want to focus our attention on the future.

This meeting of the Trade Negotiations Committee, in the lovely city of Montreal, is an historic opportunity to re-orient the Negotiations so as to establish a more stable and equitable multilateral trading system. We, the Ministers of Latin America and the Caribbean are unanimous in this conviction.

Attainment of this objective, which should be as important to developed countries as it is to developing ones, will require a change in egotistical attitudes. It will imply adapting the General Agreement to today's world which is interdependent but marked by grave injustices and major imbalances. Without this readjustment, there will be no way out of the crisis currently affecting the multilateral trading system.

The most immediate causes of the crisis are well known: proliferation of protectionist measures, excessive use of subsidies, increasing recourse to bilateralism and the use of trade as a political weapon by some of the powerful countries; all these violate the spirit of the General Agreement.

Moreover, the General Agreement operates according to rules and principles that presume equality of treatment between the parties. In fact, a chasm separates the developed countries from the developing ones, a chasm that is growing wider and deeper under the current international economic order. Latin America, for example, has grown poorer in the last decade and our standards of living have regressed to what they were ten or twenty years ago.

Treating us all as if we were equal only increases the inequality. If these negative trends go uncorrected, political instability and social upheavals in the poor countries will affect world trade.

The amendments and additions that have been successfully introduced into the text of the General Agreement by the developing countries have done little to change this situation of equal treatment for countries with unequal conditions.

In order to make participation by developing countries in the Uruguay Round meaningful, the Negotiations will have to focus essentially on the resumption of growth and the encouragement of development. Otherwise our participation in world trade will continue to decline.

Development requires not only open markets, stable and equitable rules which favour trade expansion, but it also requires a significant increase in financial flows and an adequate solution to the foreign debt problem, particularly burdensome for Latin American countries.

The General Agreement can contribute to the economic growth of our countries to the extent that it recognizes the inextricable link between trade, finance, money and development, that it includes rules and measures to promote higher export earnings for developing countries and that it allows these countries the flexibility necessary to put their development policies into effect.

The General Agreement must ensure that special and differential treatment becomes an operative instrument rather than mere rhetoric. Just as the most-favoured-nation clause underlies all GATT provisions, the enabling clause should lead to firm commitments inherent to the Agreement.

Developing countries, perfect targets for pressure and blackmail, are the ones most in need of a solid and stable multilateral system. We consider it essential, therefore, to strengthen the legal basis of the General Agreement and thus prevent some of the powerful countries from taking advantage of poorer ones, in violation of the spirit of the General Agreement.

In any international instrument the dispute settlement system plays a major rôle. We recognize that, while some progress has been made in this area during our first phase of negotiations, much still remains to be done.

We must continue to move forward until we establish a true balance between the rights and obligations of parties, rather than a situation which leaves the weak countries defenceless.

My country firmly, and without reservations, endorses the statement by Latin American and Caribbean countries contained in document MTN.GNG/W/19.

At a time when Central American countries have taken historic steps towards peace, we must mention one of the great shortcomings of the multilateral system. Now, two years since the International Court of Justice ruling that declared the economic and trade embargo imposed on Nicaragua by the United States illegal, the current administration of that country continues it with impunity, citing a provision of the General Agreement as justification.

As a contracting party, Nicaragua has the right to a clear and unequivocal pronouncement by GATT on this measure, taken under its protection.

The improvements we have negotiated to the dispute settlement system in the Uruguay Round, which we are confident will be adopted at the Council meeting here on Thursday, will require the CONTRACTING PARTIES to examine the consistency of this embargo with the relevant GATT provisions.

Facile re-interpretation of history seems to have made some forget that Article XXI of the General Agreement is closely linked to the United Nations Charter and does not constitute a blanket permission to intrude on the sovereignty of peoples and their right to self-determination.

Two Latin American countries have presented constructive proposals to the Group on GATT Articles to help eliminate future abuse of provisions whose necessary but sole purpose is to defend the national security of States.

We consider that GATT and the international legal system would be strengthened if recourse to Article XXI were made subject to prior examination of the grounds invoked by the international and regional organizations charged with international peace and security.

As far as Nicaragua is concerned, if we reach the end of this Round, which bears the name of our sister republic on the American continent, with an embargo that is in breach of international law, it would humiliate Latin America and remove all credibility from the multilateral system which we pledged to strengthen when we subscribed to the Punta del Este Declaration.