

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED  
MTN.TNC/W/31  
12 November 1990  
Special Distribution

Trade Negotiations Committee

Original: Spanish

COMMUNICATION FROM THE MEMBER COUNTRIES OF THE  
CENTRAL AMERICAN COMMON MARKET  
(GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA AND COSTA RICA)

Geneva, 7 November 1990

For the member countries of the Central American Common Market (CACM), Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, the Uruguay Round is taking place at a crucial moment, given the profound economic crisis they have been experiencing since the late 1970s and the large structural changes they have been undertaking in order to improve their participation in world trade and at the same time strengthen their economic integration process.

When the Uruguay Round began, only Nicaragua was a contracting party to the General Agreement. Since then, the other four CACM countries have applied formally for accession. Costa Rica has already completed the process, and is the 100th GATT contracting party. Guatemala and El Salvador are completing their accession process, and Honduras has now applied for full accession. Consequently, over the next year the five Central American countries will be GATT contracting parties, which will enable the Common Market to operate as a regional economic space.

As part of their accession process, the Central American countries are making major positive contributions to the multilateral trading system and the Round. Furthermore, Nicaragua has offered to bind its entire tariff as a specific contribution to the Round. The contributions our countries are thus making go well beyond the targets of Punta del Este and the Montreal Mid-Term Review.

In addition, in the context of their structural change and adjustment programmes, the five countries have undertaken significant autonomous reforms to liberalize their trade and greatly improve access to their markets; these reforms should be duly recognized because they amply fulfil the central objective of the Punta del Este Declaration.

At this stage in the negotiations, the CACM countries stress that the results of the Round will necessarily have to be balanced in order to be acceptable to their interests and for their peoples to be able to judge them to be positive. The region needs to ensure that, as a result of the Round, access is improved for the export products of specific interest to it. The Central American countries declare that it is of vital interest for them that agreements that fully satisfy their interests should be achieved in the Negotiating Groups on access, particularly those dealing with tropical products, agriculture, textiles and natural-resource-based products, especially sea and forest products.

In accordance with the Punta del Este Declaration and the Montreal Mid-Term Review, the CACM countries hope that the Round will close with an international trading system committed to full liberalization of tropical products, without any exclusion at all: this is a sector of the utmost interest to them.

In view of the roll-back commitments undertaken at the political level at Punta del Este and Montreal, the Central American countries wish to highlight as an essential requirement the elimination of all measures inconsistent with the practices and rules of the General Agreement; this would apply to any continuation of the application of quantitative restrictions, or discrimination in access conditions and in the application of selective taxes.

In contrast with the above-mentioned commitments, the Central American countries view with great concern the fact that the European Economic Community is continuing to exclude from the negotiations a product of particular interest to them, for which they are the principal supplier and consequently cannot be denied their right to negotiate on access conditions. In order to facilitate a solution in this respect, the Central American countries have proposed to the EEC a progressive liberalization formula that takes due account of the various interests at stake. They are still awaiting a reply to that proposal. In their evaluation of the final outcome of the Round, our countries will set great store by the solution reached on this matter.

The development of exporting activities and of industrialization and economic diversification is a matter of vital importance for our economies. We therefore welcome progress in the field of access for manufactures. Nevertheless, this is not yet reflected in the textiles sector, which is the subject of negotiations in a specific group of the Round. It is of interest for Central America that, in the negotiations on a new framework to bring textiles within the multilateral trading system, due account should be taken of the relative position of small suppliers and new exporters.

Liberalization in the field of textiles should allow the expansion of production and exports by countries such as ours, flexibly, with no strings attached, and without the application of restrictive safeguards against them, which might be discriminatory in that they would restrict their growth.

Accordingly, any safeguard mechanism to be applied, even a transitional one, must take full account of the stage of development of the industry in individual countries and the importance of the textiles sector in their economy, as well as their balance-of-payments situation. More specifically, we propose that the transitional safeguards should not be applied to countries considered small suppliers.

With regard to the new subjects, the Central American countries are prepared to make contributions to the negotiations, and even to sign a framework agreement on services, provided it includes a multilateral and unconditional most-favoured-nation clause and takes due account of the development dimension. With regard to the negotiations on specific sectors, we would be prepared to consider them after the Brussels Ministerial Meeting, once the framework agreement has been defined.

The Central American countries express their concern at the present state of negotiations and the uncertainty in which the final stage of the Round appears to be plunged. They reiterate their support for the negotiating process and confirm their readiness to continue negotiating until the end.