

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.TNC/W/33

MTN.GNG/W/25

21 November 1990

Special Distribution

Trade Negotiations Committee
Group of Negotiations on Goods

Original: Spanish

COMMUNICATION FROM VARIOUS DELEGATIONS

At the meeting of the Group of Negotiations on Goods on 12 November, the delegation of Chile requested, on behalf of the countries of Latin America and the Caribbean, that the following declaration be circulated.

Declaration by the Countries of Latin America and the Caribbean
at the VI Latin American Consultation Meeting on the
Uruguay Round of Multilateral Trade Negotiations

I. Introduction

On the occasion of the V Consultation Meeting of SELA on the Uruguay Round of Multilateral Trade Negotiations (16-18 July 1990), the Latin American and Caribbean countries stated that the course of negotiations and their results would be subject to continuous evaluation by them. They also proposed the relevant measures and actions to the Trade Negotiations Committee in order to rectify the direction and scope as well as overcome the stagnation and imbalance of the process (document MTN.TNC/W/22 and Annex).

The Ministers of Latin America and the Caribbean, through Decision 300 of the Latin American Council of SELA (September 1990), declared that: "... if the situation is maintained, we shall arrive at Brussels with a partial and inadequate set of results. The negotiations constitute a "single undertaking" based on a delicate balance reflected in the Punta del Este Declaration. A set of limited or partial results, especially if they do not correspond to the objectives that are most important for our countries, would therefore be totally unacceptable".

II. The environment

The countries of the region have carried out and continue to undertake major economic reforms, including open and non-discriminatory trade policies. The adjustment process has had heavy social and economic costs, exacerbated by the financial crisis from which these countries have been suffering for eight years.

- The share of Latin America and the Caribbean in world trade shrank from 12 per cent in 1950 to 6 per cent in 1970 and to 3.6 per cent in 1989. Their share in commodity trade decreased from 13.5 to 10.7 per cent while that of the developed countries increased from 58 to 66 per cent over the same period.
- In 1989 the total exports of the region were US\$110,315 billion, while OECD countries spend annually more than twice that amount on support to agriculture, including export subsidies in this sector.
- The region's external debt rose from US\$320 billion in 1980 to US\$430 billion in 1990. The transfer of funds in debt servicing between 1982 and 1990 has amounted to nearly US\$300 billion, which is equivalent to transferring abroad 4 percentage points of the regional GDP as a yearly average.
- The debt/exports ratio for the region exceeded 300 per cent; this is over the level of 275 per cent, considered critical by the World Bank.
- The regional debt/GNP ratio is 51 per cent and the debt service/exports ratio is 40 per cent. The World Bank considers that the corresponding critical levels are 50 per cent and 30 per cent, respectively.

In this context, and in sharp contrast with the liberalization efforts of the countries of the region, there has been no change in the trend and direction of the trade policies of the major developed countries. This has been reflected in virtually all negotiating areas of the Uruguay Round of multilateral trade negotiations, including the so-called "new subjects".

III. The commitments

The Latin American and Caribbean countries associated themselves with the launching of the Uruguay Round in the context of a political commitment on the part of all the participants, as reflected in the Declaration of Punta del Este, to halt and reverse protectionism; to remove distortions to trade; to preserve the basic principles and to further the objectives of the GATT; to develop a more open, viable and durable multilateral trading system and thus to promote growth and development.

To bring about further liberalization of trade in goods through the reduction and elimination of tariffs and non-tariff measures, including strengthened and objective multilateral disciplines that protect and underpin possibilities of market access, constitutes the substance of the commitment in the traditional trade negotiations.

To strengthen the multilateral trading system, restore the credibility of GATT in the international economic sphere, overcome protectionism by, among other things, the standstill and rollback commitments and the conclusion of a global agreement on safeguards, and widen the coverage of

the General Agreement through stronger rules directed towards a free and fair agricultural market and the return of the textiles and clothing sector to the rules of the General Agreement, among other things, constitute the substance of the political commitment with regard to the General Agreement.

To modernize the system through the incorporation of the new developments in international trade constitutes the political commitment for the GATT of the future, to the benefit of all nations.

To create optimal conditions for greater participation by developing countries, such as the countries of the region, through the various parts of the single political undertaking embodied by the Uruguay Round of multilateral trade negotiations is the greatest challenge that has confronted the GATT system in its entire history.

IV. The situation

The profile of results in relation to market access shows that the potential benefits for the countries of the region are meagre.

In the most important rule-making areas there is no perceptible movement towards the prohibition of protectionist trade policies and unilateralism; consequently there is no consensus on restoring the validity of the principle of non-discrimination. In this context, there is nothing to assure us that trade relations will be based on law and not on power.

The inclusion of "new subjects" in the negotiations and subsequent developments in the treatment of the areas relating to services, investments and intellectual property have given a special dimension to the Uruguay Round. The aim has essentially been to establish a legal framework to strengthen the globalization and transnationalization of the world economy. If concepts and principles such as most-favoured-nation treatment and national treatment were to be extended, among other things, to capital and technology flows and to the whole range of international economic relations, this would essentially benefit the countries that have abundant capital and technology, and impose commitments which would not only be more burdensome but would be likely to have negative repercussions on the development process of countries such as those of the region.

V. Differential and more favourable treatment for developing countries

Differential and more favourable treatment for the developing countries has not only been inadequate in the past but has continually been eroded. This trend has prevailed in the positions of the major developed countries in all the areas of the negotiations, notwithstanding the commitments undertaken by the Ministers in the Punta del Este Declaration and in the Mid-Term Review with regard to developing countries.

In relation to standstill and rollback and in market access - tariffs, non-tariff measures, textiles and clothing, tropical products, natural resource-based products and agriculture - the said commitments have not been fulfilled.

In the negotiations concerning the rules of the trading system, such as safeguards, anti-dumping and countervailing measures and subsidies, not only has the objective of granting differential and more favourable treatment not been fulfilled, but there have been attempts to erode it and enshrine exceptions to disciplines that would legitimize the protectionist and discriminatory practices of the main trading partners.

With regard to the "new subjects" such as trade-related investment measures and trade-related intellectual property rights, no results reflecting differential and more favourable treatment have emerged, in spite of the proposals submitted by developing countries. In services, the development dimension is one of the central pillars of the Multilateral Framework but it has yet to materialize sufficiently.

The demands made for reciprocity and the proposals and approaches that create new categories of developing countries are inconsistent with the rules of differential and more favourable treatment, and are firmly rejected by the countries of the region.

VI. The options

The Latin American and Caribbean countries consider that the the Uruguay Round offers a historic opportunity for shaping a new multilateral system of international economic relations with trade as its nucleus. This system would embody a new consensus on international economic co-operation for development, identify the contribution of the external sector to development and include, as one of its salient principles, new contemporary approaches to the problems of economic development and growth. Recognition of the globalization of international economic relations based on relations of economic interdependence, including the interdependence of trade in goods, technology, investment and services, is one of the best and soundest foundations of this system.

It seems obvious that unless the option described in the preceding paragraph lies at the heart of the results of the Uruguay Round, a completely new multilateral system will be enshrined, based almost entirely on controlling the development and dissemination of technology through a strengthened system for the protection of intellectual property rights: on rules that would limit the capacity of the developing countries to channel foreign investment towards their economic development needs; and on a multilateral framework for international trade in services that would consolidate the present position of the main suppliers of services at the international level.

It is equally clear that the results of the Uruguay Round will have little to do with trade liberalization and the improvement of market access conditions in the traditional sense, but rather will legitimize a system of "managed trade" without rules embodying the principle of non-discrimination, but with excessively vague disciplines applying to anti-dumping and countervailing measures, and with additional problems resulting from new rules such as those relating to circumvention and other aspects.

Such a system would be seriously biased against the interests of the countries of the region, would be inconsistent with and contrary to their current trade and adjustment policies, and would frustrate their efforts to achieve an efficient integration into the international economic system.

VII. Conclusion

The results that are taking shape in the areas of major interest are totally unsatisfactory to the Latin American and Caribbean countries as regards both differential and more favourable treatment and the restoration of the balance of rights and obligations. This leads inevitably to a negative conclusion at this stage of the process, while results still have to be defined in a number of important areas of negotiation.

The countries of the region consider that at the present stage of the negotiations a definitive assessment cannot be made. The negotiating process has been blocked in important areas and is far behind schedule, as the Chairman of the Trade Negotiations Committee and the delegations that took the floor at its recent informal meetings noted. To a great extent this is a result of the virtual paralysis of the negotiations on agriculture, which are extremely important for the region.

Consequently, in view of the indeterminate state of the negotiations the countries of the region propose that a meeting be held on 26 November 1990 in order to evaluate the results and on that basis decide whether they are acceptable as a whole.

The Latin American and Caribbean countries will keep the VI Consultation Meeting of SELA open to evaluate developments in the negotiations and their results, and will present their conclusions at the proposed evaluation meeting.