

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

MTN.TNC/MIN(90)/ST/50  
4 December 1990  
Special Distribution

Trade Negotiations Committee  
Meeting at Ministerial Level  
Brussels, December 1990

Original: Spanish

PERU

Statement by H.E. Dr. Guido Pennano,  
Minister of Industry, Trade, Tourism and Integration

First, on behalf of my country, I wish to thank the Government of Belgium for acting as host to the present meeting which is of crucial importance for the liberalization of international trade. I am confident that our hosts' efficient organization and excellent arrangements will be conducive to a positive spirit of compromise and will greatly facilitate our work.

When the Uruguay Round was launched, the Cold War had entered its final stages. The fast-moving events of the past few years have changed the context in which the Punta del Este objectives were set.

Events have overtaken the negotiations, which at the time were described as ambitious.

In view of all the political, economic and technological changes that have taken place, international relations will have to be redefined in terms of co-operation. In the political field, for example, the Security Council - the supreme body of the United Nations - has for the first time reached a unanimous decision that is of vital importance for mankind and that has broken down the ideological barriers which have been so harmful in the past.

Would it not be possible for the main protagonists in the Uruguay Round to do the same here in Brussels?

The extraordinary irony of the present meeting is that, during the first three years of the negotiations, the major obstacles were expected to come from countries such as mine. That has not been the case. The deadlock we are in today is more the doing of the protectionist forces and lobbies of the major economic Powers.

The new government of Peru, for example, like those of other developing countries, is convinced that it has the capacity to compete effectively at the international level if the present Round establishes clear rules that are consistent with the principle of differentiated and more favourable treatment for developing countries.

We request such treatment on the understanding that we have met the international community's economic stabilization requirements.

Were the results of the structural adjustment programme applied by Peru to be measured in terms of its impact on our economy, we could say that they have exceeded expectations. Peruvians have experienced not only a drop of over 60 per cent in their purchasing power, but also unemployment, recession and ten-and-fifteen-fold rises in prices as subsidies were withdrawn - all in an attempt to achieve financial equilibrium and efficiency.

The sacrifices that our people have borne for the sake of adjustment have in no way affected our democratic system, human rights and national constitution. That was possible only because of their firm conviction that the economy had to be rehabilitated and sacrifices made in the present if benefits were to be reaped in the future. Recognition by the international system of their sacrifice should now be forthcoming.

We opted for this hardship despite the difficulties that drug trafficking and related violence were creating for our economy. However, it must be made quite clear that the responsibility for this state of affairs must be shared. The cost of combating the drugs trade should be borne not only by the countries that produce the coca leaf but also by the consumers and all those who supply chemicals for the illicit production of cocaine. Lastly, the responsibility must also be shared by all those financial establishments that claim ignorance of the illicit origin of the funds they handle.

After listening to appeals to protect the environment, we would like to point out that, here too, we expect responsibility to be shared, since it is clearly the duty of the international community as a whole to preserve tropical forests.

In the context of its structural adjustment programme, Peru decided of its own accord to eliminate all non-tariff measures, prohibitions and quantitative restrictions; it also restructured and harmonized its Customs Tariff, reduced the tariff average by 33 per cent and eliminated tariff peaks, thereby meeting the objectives of the negotiations - an achievement of which very few developed countries can boast.

So far, no response has been forthcoming from the Uruguay Round to countries such as mine, which have borne the costs of structural adjustment in addition to their heavy debts and which require flexibility in order to cope with balance-of-payments problems, structural adjustments and social welfare programmes.

The Punta del Este objective of linking the external debt problem with trade has not been tackled in a concrete manner during the Uruguay Round.

Today the Round is in a state of crisis. Here, in Brussels, we have no alternative but to co-operate, putting aside our old, self-interested attitudes. We must abandon all inclinations towards unilateralism and opt for multilateralism as the context of the future.

Peru reiterates its readiness to work for the success of the Uruguay Round, aware that the future of mankind lies beyond unilateral interests which are contrary to our growing interdependence and the internationalization of the world economy.

We are committed to doing our utmost to ensure that the work of the past four years is not wasted.

Positive and balanced results from the Uruguay Round are essential for all participants.