

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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PORTUGAL

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Minister of Trade and Tourism

I should first like to stress the great importance my Government attaches to the success of this round of multilateral trade negotiations, the most ambitious ever held.

Its success should contribute decisively to ensuring the continued harmonious economic growth of the industrialized countries and make possible a progressive incorporation of developing countries into the complex network of international trade relations.

The generalized choice of multilateralism serves the objective of a rapid and harmonious development of world trade and of the economies of all countries' contracting parties to the General Agreement.

However, the difficulties in reaching compromises acceptable to the various parties concerned are obvious.

The construction of mankind's great works has always been the result of ambitious projects and of the will, determination and efficiency needed to carry them out.

A construction which requires both time and realism.

We all know that there are interests which do not coincide and which often are even of a conflictual nature. We also know that, in many cases, the initial positions are very far apart, that priorities are not always the same, that the different subjects do not address all sensitivities in the same way. Solutions by consensus are not easy.

The citizens of all our countries expect us to be capable of defending our national interests. Our closest allies expect us to show solidarity. World opinion demands that we come to agreement.

At Punta del Este we took some decisions and we defined some objectives, of which the first and foremost was to arrive at global solutions. At this time, we are not negotiating cases, we are building a new order for world trade.

At this time politicians must be far-seeing and bold, if they wish to arrive at acceptable results.

Results stemming from a real sense of responsibility and bringing hope for the construction of a better world, with more peace, social justice, solidarity and happiness for all.

Results which are practical and effective but which, above all, are credible, consistent and prudent in the deepest sense, that of looking to the future.

We cannot have everything right away. We must find ourselves a sure path if we wish to reach the goals we long for.

Portugal wants the Uruguay Round to produce a success that surpasses even those of the Dillon, Kennedy and Tokyo Rounds.

International free trade on a multilateral basis thus constitutes a prerequisite for economic growth, both among the most developed countries and among the less rich countries, and for the elimination of many bottlenecks preventing the optimum use of available resources, and hence for the progressive growth of wealth and well-being.

For we know - and Portugal, which is a country with one of the highest degrees of openness to the outside, is in a good position to know - that it is in a system in which international economic relations are free of all artificial restraints that it will be possible for each "to do more of what he does best".

But I should also like to stress that, while freedom of international trade is a necessary condition for the attainment of that objective, it is by no means a sufficient condition since it requires the observance of strict rules of competition (free trade implies fair trade), without which the principle of comparative advantage can no longer function effectively.

Hence, our devotion to that other basic principle of multilateral trade as we know it today, which is observance of the rules and disciplines necessary to enable it to take place under conditions of fair competition - rules and disciplines whose strengthening in the framework of the General Agreement constitute one of the clearly expressed objectives of the Declaration of Punta del Este.

Hence, also, the need for those rules and disciplines to be particularly observed in an extremely sensitive area, that of textiles - undoubtedly one of the sectors in which many developing countries can benefit from the comparative advantages they possess, but in which a hasty liberalization of trade without adequate assurance that such rules will be observed would lead to a market situation which is similar to the one that gave rise to the present Multifibre Agreement and which could compel us to resort to it again.

We must reject the idea that rules of competition might constitute a source of conflict between industrialized and developing countries or, if you prefer, that they would be an element of North/South confrontation, because, in the absence of very precise rules of conduct, it would be the developing countries, and especially the weakest among them and those which do not have the means of introducing into the system artificial elements of distortion, that would be the first and principal victims.

The hope of changing the face of the world which brought us together at Punta del Este meant that the Uruguay Round, unlike previous negotiating rounds, would no longer be aimed exclusively, or primarily, at the liberalization of trade in industrial goods and that, for the first time, we would be willing to accept the considerable costs resulting from our supply situation in agriculture.

But we also know that, in agriculture, the problem is extremely complex, involving a whole set of non-economic components that overlie a simple optimum allocation of resources.

It is this context that includes certain basic vectors of the Common Agricultural Policy, which my country supports, especially as they also address many of the fundamental concerns of developing countries, particularly those for whom the reduction of their food dependence constitutes an indispensable condition for general development in global terms. Here, we are alluding, inter alia, to the problems of the African countries as well as those of the least-developed countries of Latin America.

The Uruguay Round is the first GATT round in which agriculture constitutes a basic concern. But it is also the first that is taking place in the context of the post-industrial society and, in this respect, it is of very special interest to a country which, like mine, has decided to enter the twenty-first century on a footing of equality with its most advanced European partners and which can only welcome the importance being given to the services sector.

I should like to emphasize, however, that here the negotiations must be truly meaningful. I know that, in an area which is entirely new and which more than any other reflects the revolutionary character of the Uruguay Round, it would not be possible to have immediate results in sectors of such great sensitivity for so many contracting parties.

In these sectors above all, certain fundamental principles must be adhered to:

- that of universal coverage, without which the hopes of many contracting parties would be completely dashed;
- that of non-discrimination, which constitutes the very essence of the General Agreement and without the observance of which there would not really be any qualitative change from the present situation based on bilateralism;

- lastly, the preservation of what is acquired, without which everyone might at any moment find himself deprived of the gains achieved, often at the cost of sacrifices accepted in particularly important areas.

In concluding, I should like to stress how much importance my country attaches to the problems of GATT's effectiveness and credibility, which are indispensable for the implementation of the results of the Round. This requires that we finally reach agreement on the establishment of an operational dispute-settlement system that removes the temptation of recourse to unilateral and bilateral measures, and on an institutional strengthening which, by enabling GATT to talk to other international authorities on a footing of equality, could establish the bases for consistency in economic policies, which is indispensable in a period of accelerated transformation like the one we are experiencing.

The General Agreement is above all a set of rules and disciplines. If they are not observed, it no longer has any meaning.

One of the major objectives of this Round is the creation of conditions necessary to ensure that the rules we have accepted are observed and strengthened.