GENERAL AGREEMENT ON TARIFFS AND TRADE
Twelfth Session of the Contracting Parties

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I thank the Chairman for having called upon me to speak before this eminent assembly. I should like to take advantage of this valuable opportunity to say, on behalf of the Government of Uruguay, how glad the Uruguayan delegation is to take part in discussions at which problems of basic importance in international co-operation and trade are examined. The presence here of Ministers of Governments from the most varied countries, and often from very distant ones, inspired by the most noble ambitions, shows the exceptional quality and importance of these discussions. Indeed, we are firmly convinced that the same wish unites us all here: the desire to work during the Twelfth Session of the Contracting Parties for the conclusion of a basic agreement in the common interest of all the parties, and thereby to achieve an aim, which, inspired as it is by the spirit of universality, will bring with it considerable advantages for humanity, and which on the basis of the rules of impartiality established by GATT, will enable us to raise standards of living and to create a more noble and a more just society.

We are fully aware that it would be premature to expect that this conference and those to be held in the days to come should provide immediate and complete solutions. Indeed, world-economic life poses many problems. Diligent, prudent and methodical work is therefore necessary if we are to have a sincere and honest exchange of views between our countries, which, I am sure, will spare no effort to achieve a thorough understanding of the structure and substance of the problems under discussion today, which call for general and effective co-operation in conformity with the principles governing modern economic life, — those principles which, in our particular field, inspired the Havana Charter and later, the General Agreement on Tariffs and Trade.

An examination of trends in world trade during the last few years will show that considerable progress has been made. This has taken the form, for example, of increased flexibility in the regulations governing international trade, as part of the reconstruction of national economies and the gradual consolidation of the spirit of co-operation characteristic of the post-war period.

By reason of its historical development, and its high level of political and social consciousness, achieved during the last few decades, Uruguay is absolutely faithful to the universalist idea, which has induced her to
contribute, as far as her means will allow, to the intensification of trade based on a liberal and broad conception of commercial relationships. Thus Uruguay has adopted practical measures, such as those which recently effectively freed from restriction a large part of her imports. My country, therefore, during the past year, has considerably increased her purchases of consumer and capital goods on foreign markets, without practising any form of discrimination with regard to the origin and nature of the goods concerned. This progress has been achieved side by side with the most strict observation of the letter and spirit of the General Agreement, which, at the present time constitutes the mainspring of our economic relations with other states.

However, a country with only modest possibilities, like Uruguay, can maintain and intensify these efforts only if it obtains for its products fair access to consumer markets, and if the great powers understand that it is essential for it to carry out a policy of industrialization, moderate in scale, but gradually increasing, and based on the primary commodities it produces.

Because of its particular position as an agricultural and stock-raising country, Uruguay is specially interested in the fair operation of trade in the primary commodities which form an essential part of the world economy. Unfortunately, the present situation shows clearly that the necessary precautions have not been taken in this sphere. Consequently, we have before our eyes an absurd spectacle. While the disposal of these essential products faces real, and sometimes insoluble, difficulties, there exist enormous numbers of potential consumers, who, because they have a very low standard of living and lack means of payment, cannot satisfy their most elementary and imperative needs. In this connexion, I venture to state that a large part of the responsibility for so abnormal a situation falls on the countries with highly developed economies which have adopted a line of conduct which may perhaps be legitimate in one way, in that, after their experiences in the last war, it enables them to achieve self-sufficiency in foodstuffs and other primary commodities. They have therefore followed an energetic policy of encouraging agricultural production, a policy which, in many cases, has made them real competitors of the traditional exporters. These Powers do not appear, moreover, to have foreseen the possible saturation of the international market with primary commodities. Nor have they tried to find rational and fair methods of marketing surpluses in those areas to which I referred just now which have great needs but no resources. Worse still, all this causes a distortion in economic relations and unbalances the economy of the producing countries whose capacity to buy industrial products and industrial equipment in the highly developed countries themselves is thus reduced.

Uruguay is convinced that it is essential to conclude general agreements for stabilizing prices and regulating trade in primary commodities.

For these reasons Uruguay wishes to express her deep anxiety with regard to the managed market for agricultural products provided for in one section of the Treaty establishing the European Economic Community, an item of prime
importance, I may say, fundamental importance, on the agenda of this Session of the Contracting Parties, and, therefore, of our discussions in this hall.

In this connexion, I venture to say with absolute frankness that Uruguay - and here I must recall her universalist ideas, of which I have already spoken - has followed with lively sympathy the efforts towards political and economic integration of the European countries, which, like those signatory to the Treaty of Rome, have, by reason of historical circumstances known to us all, constituted a critical area, and I mean critical in its strongest sense, for world peace and stability. That eminent statesman and economist, Dr. Cesar Charlone, Head of the Uruguayan delegation to the United Nations, has moreover, expressed this opinion during the present Session of the Assembly with more eloquence and authority than I could. But, however sincere and warm our sympathy for the economic integration of these countries in a world with a multitude of economic forces in constant conflict, it must be recognized that the problem takes on quite another aspect when these measures are examined in the light of their bearing and repercussions on the economy of regions outside this system, or other similar systems. For this reason we attach exceptional importance to the examination of this question, even if it means a reduction in the time which can be devoted to the study of other items on the agenda of this Session. Indeed, it is on the solution which is found as a result of our discussion of this basic problem that, in the long run, the future of the General Agreement and of international economic co-operation will depend.

I must add that the complexity of this problem goes beyond the particular sphere of the scheme itself. Indeed other ambitious schemes of the same sort are being worked out, some on a strictly regional basis, like the future Nordic Common Market and others, of almost universal bearing, which confer exceptional importance on the scheme for establishing a free trade area to include the majority of the western European countries.

Uruguay, expressing opinions which she shares with other Latin American countries looks with understandable anxiety on the establishment of these systems, although it supports the principles of co-operation which seem to inspire their promoters. The special geographical and historical circumstances of Latin America make this part of the world an area forced, for the moment, to remain outside the systems of integration, whereas the negotiations between the Rome Treaty countries and the proposed participants in the free trade area, and particularly the United Kingdom, seem destined to end for other non-member countries, which have traditional trading relationships with Europe, in the granting of specific guarantees which will open the European markets to them, but which, on the other hand, will completely forget the interests of the producers of similar products in South America or fail to take them into account.

The serious nature of the problems concerned obliges us, in the opinion of our country, not to confine ourselves to a restrictive analysis or
interpretation of the texts, aimed simply at deciding whether the Rome Treaty is compatible or not with the provisions of the General Agreement. On the contrary, circumstances require that we should concentrate our attention on those points in the trade structure where the application of the Treaty establishing the European Economic Community and perhaps other similar systems, might cause disequilibrium.

To come down to a practical consideration of the European Economic Community itself, we wish to point out expressly, among other unfavourable factors, the unfortunate repercussions which the application of the Rome Treaty may have on non-member countries with regard to investments, and in the choice of markets for the primary commodities available for export.

A project as vast as that which the members of "Little Europe" propose to implement, presupposes the use of large funds, and this implies a lessening of the amount of capital available for investment abroad. Furthermore, the Treaty provides for appreciable investments in the overseas territories whose forced inclusion in the Common Market may constitute a threat to third countries, since, as is logical, the advantages resulting from thus extending the "national territory" will divert more and more towards those territories the capital now channeled largely in other directions.

It follows that some compensatory measure is necessary which will fairly take into account the basic interests of the countries not taking part. In this respect it would appear reasonable, first of all, to invite the members of the Common Market to show their goodwill by taking practical measures to co-ordinate the activities of international credit and development bodies so that the financial support given by those bodies to areas adversely affected by the establishment of the new community can be increased. In the same way the Six should take the necessary legislative measures with regard to foreign investment to avoid their capital being directed to the exclusive advantage of their own overseas territories, or to prevent those territories taking a disproportionate share of such investment capital.

With regard to agricultural and livestock products and certain minerals, the disturbing influence which may be exercised on international trade in those products by the Treaty's plan for organizing agriculture - it provides for the fixing of minimum prices, the conclusion of long-term contracts and the possible institution of import quotas, - and by the growing competition from the overseas territories forming part of the economic community may have unforeseeable effects.

As we have already stated, Western Europe has tried by every possible means, including some which appear artificial and against the best interests of the economy, to reduce to a minimum her dependence on foreign sources of supply for foodstuffs and raw materials. Everything points to the fact,
and in any case the Treaty shows it clearly, that this policy will be pursued and even intensified jointly by the Six. If we add to the effects of this policy the results of the real or virtual competition of the colonies and dependent territories, sheltered by tariff preferences and helped by unlimited technical assistance and by investments, it will easily be imagined that it is absolutely essential for countries which produce similar commodities - and these include most Latin America countries - to conclude broad agreements on primary commodities to ensure effective protection against sudden changes in rates, restrictions on demand and the effects of cutthroat competition. Furthermore, this is one of the bases of the economic theories of the American countries, stated on various occasions and recently reaffirmed in the statement of principles at the Economic Conference of Buenos Aires, where it was decided with regard to primary products, that the States there represented would favour in exceptional cases when large surpluses had accumulated or threatened to accumulate, the conclusion of agreements between producer and consumer countries. Any country in the world could accede to these agreements and their conclusion would be accompanied by the establishment of intergovernmental bodies for their implementation by the States concerned.

I wonder if in this we may not hope to find a satisfactory basis for coordinating the interests and aspirations of all in the critical circumstances which the establishment of the European Economic Community has brought about.

Let us avoid euphemisms of the sort which we should be led to make by too detailed and searching an analysis, consisting of setting down in one column the discrepancies large and small, and in another the areas of agreements, always subject to contrary interpretations, between the operative part of the Treaty of Rome and the provisions of the General Agreement. Such a method would be useless. On every item the conflicting theories can rely on a number of legal arguments which might lead us into bitter discussions against the interests of us all. Let us be realistic and practical. Let our aim be co-operation and understanding and we shall inevitably find the solution needed. In this way this new European Economic unity, which is such a splendid conception, will really obtain international support and third countries, thanks to the general adoption of practical measures and the conclusion of precise agreements, will be able to count on the guarantees necessary for the future. Thus we shall succeed in making seemingly conflicting interests come together for the achievement of a common purpose. We shall also succeed in persuading States to understand each other and draw closer together and in bringing to an end the ruinous struggles of the era of merciless competition; and, finally, thanks to the immense power of a vast and constructive economy, and a rise in the level of production and employment, we shall achieve that social welfare to which we referred at the beginning of this speech, and once and for all, honest understanding and unselfish tolerance will triumph over all the selfishness and open the way gloriously towards permanent harmony and prosperity.

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