GENERAL AGREEMENT ON TARIFFS AND TRADE

CONTRACTING PARTIES
Forty-Second Session

ARGENTINA

Statement by H.E. Mr. Leopoldo Tettamanti
Ambassador, Permanent Representative

This Session of the CONTRACTING PARTIES is of particular significance in that it precedes the real launching of the Uruguay Round of negotiations.

At Punta del Este, the Ministers understood the need to tackle the causes of the grave crisis that is affecting trade and the multilateral system; they gave a broad mandate for negotiation, and took on a political commitment in regard to standstill and rollback, recognizing that protectionism and distortive measures contribute to generate this crisis.

In particular, for the developing countries this new round affords an opportunity to counter the inertia which is allowing international trade relations to slide nearer to disaster.

I think there is no need for me to repeat what our delegation has stated on earlier occasions regarding progressive deterioration of terms of trade caused by the protectionist and trade-distorting policies applied by the principal trading powers. This trend, which is continuing with indebtedness, dependency of monetary and financial policies on the reserve-currency issuing countries and formulation of stringent adjustment policies in the developing countries, can only be remedied through structural adjustment and reversal of the policies from which it has resulted.

One cannot advocate patch-up solutions, like some of those recently proposed when negotiation plans for the new round were being discussed, so as to legalize practices which have been eroding credibility in the multilateral trading system. One cannot advocate multilateral rules and disciplines for new areas so long as no final solution has been found to the anachronism existing in traditional areas which are fundamental for the developing countries. Obviously, the Argentine Government considers that the solution of conflicts existing in the agricultural sector is one of the priority aspects to be envisaged in the Uruguay Round.

At Punta del Este, our Ministers made a major negotiating effort. They traced a path that we must take, with full awareness that the task to be undertaken will be arduous and difficult. The objective is clear -- a
new system of international trade characterized by elimination of the imbalance we have mentioned. A new system in which progress results from a balanced effort, taking account of the economic potential of each party, and efficient allocation of resources, so as to ensure benefits and well-being for all members. GATT can be the focal point of the new system, provided the new rules and disciplines resulting from the Uruguay Round ensure for all countries represented here a balanced distribution of advantages and obligations.

We hope that this will be the case, and we shall strive to contribute our share, but we must point out that the present international climate is far from favourable for the effort we have to undertake. On the contrary, there is every indication that the probabilities are closer to failure than to success.

Indeed, for the moment the developing countries can only see with concern that while we are being urged to expand our exports in order to solve serious adjustment problems stemming from our high foreign indebtedness, at the same time the world market is being closed to our products or, still more serious, we are being dislodged from positions already won in that market, through subsidization policies with which we cannot compete.

My delegation believes that in order to dispel all suspicion and lay the real bases for credibility, it is essential to carry out the Ministerial commitment regarding standstill and rollback, since if the necessary climate of confidence is established in the negotiations, it will be possible to make substantive changes to reduce tariff and non-tariff barriers and to liberalize trade in agricultural products, tropical products, natural-resource products, textiles and other producing sectors.

This approach to the negotiations would make it possible to examine and clarify new areas, in line with the principle of resource allocation and distribution of benefits in a balanced manner which is essential, so as not only to avoid a crisis but, on the contrary, to make progress through the growth and development of all participants in the multilateral system. That is why we view with great concern the doubts and hesitations that have been emerging since the very beginning of our collective effort.

In conclusion, I would like to refer briefly to another issue that we also consider to be a key element in the negotiations: safeguards. The expansion of protectionism in international trade has led the more developed countries to apply certain restrictive measures that are not envisaged in the General Agreement and are accordingly in breach of its principles and the exceptions permitted under GATT for the application of quantitative restrictions.

We consider it essential to reaffirm the need to observe the most-favoured-nation principle, which is fundamental to the General
Agreement, and the principle of non-discrimination established in Articles I and III, and to strengthen and clarify the legal aspects of Article XIX. Otherwise, possibilities for strengthening the GATT as the centre of the multilateral system of international trade would be seriously impaired.

What is at stake today is not only the future of international trade relations and of credibility in the fora of multilateral negotiation, but also the possibility for our countries, through trade liberalization and establishment of a new multilateral system for the coming century, to begin to embark on channels of co-operation that were hitherto not known and which will contribute to the political aim of advancing in the process of consolidation and progress in the international community.

The Uruguay Round is an historical opportunity to show the political will of our governments in seeking adequate and realistic solutions in order to achieve the objectives I have mentioned, and we must avail ourselves of that opportunity.