On behalf of the people and Republic of Nicaragua, I bring fraternal greetings to the noble people and Government of Uruguay. Similarly, we offer our cordial congratulations to the distinguished Chairman of this meeting, Minister Enrique Iglesias, on his very fitting election. We also extend our greetings to the new contracting parties to the General Agreement, Mexico and Hong Kong.

We are living in times of uncertainty, unfulfilled commitments, unjust imbalances and enormous challenges.

The period of trade expansion and of fluid financing of trade flows has ended. GATT is faced with serious difficulties in demanding respect for free trade in a world in which protectionism has become the norm. We are experiencing the uncertainties of an old international economic order which is not meeting the demands of national economies, particularly in the case of under-developed countries.

Commitments entered into in the framework of multilateral institutions are not being met by the industrialized countries. Official development aid is dwindling, protectionist barriers are not being removed, and new ones are being raised. Trade and financing are being used as instruments of political pressure on States. Under such conditions the challenge arises of constructing an international order in which justice and international law prevail instead of the force, blackmail and threats of the powerful.

In the last three years the industrialized countries have experienced a certain amount of economic growth after a deep recession reminiscent of the 1930s. Nevertheless, this recovery has been correctly described as shaky and unequal. Shaky, because there are doubts concerning its strength and durability – due to the persistent imbalances and tensions shown by the world economic system and spread by the very adjustment policies of the industrialized countries. As pointed out by Mr. Dante Caputo, the distinguished Minister for External Relations of Argentina, "a world marked by ever deeper imbalances generates an economic dynamic of its own, which tends to exhaust itself in the long run".
Unequal, because not all economies of the industrialized countries have benefited and, above all, because it has been of no benefit at all to the under-developed countries. Unlike other periods of recovery in the past, the countries of the third world are not emerging from their crisis and are even nurturing with their resources the adjustment and economic-revival programmes of the industrial countries, becoming net exporters of capital to the developed world.

The persistent fall in commodity prices, in conjunction with the devaluation of the dollar against other currencies of the industrialized countries during the last year, has sapped the external sector of the poor countries of all its strength. The purchasing power of exports has deteriorated not only because of the fall in prices but also because of the monetary maladjustments among the developed countries and the lack of co-ordination of their macro-economic policies.

What is really serious is that the medium- and long-term outlooks for commodity exports are dark. The industrial restructurings based on highly sophisticated technology and the growing importance of the services sector in the developed countries close the door to any optimism concerning commodity prices.

The structural trend towards the cheapening of commodity prices has not been accompanied by a similar trend in the prices of industrial goods. The strengthening of the monopoly of the transnational companies and the high-price situation of the products of the industrialized countries in the years 1979-82 have meant for the under-developed countries a great worsening of the terms of trade. Selling cheap and buying dear - that continues to be the bitter reality for our weakened economies.

Efforts to export products to industrialized countries, whether commodities or manufactured goods, are being blocked by protectionist non-tariff barriers.

This protects the lack of competitiveness of the traditional industries of the rich countries, thereby affecting the exports of the poor countries in the international marketplace.

What is more, it has become clear in recent years that trade cannot free itself from its forms of financing. The reality of the poor countries, and particularly of Latin America, demonstrates the tragic nature of the debt crisis. Various studies, proposals and negotiations have proved fruitless in the face of the intransigence of private banking and the lack of realism of multilateral financing institutions.
The payment demands and the policies which are being imposed on debtor countries exceed any physical possibilities of the developing countries, close the door to growth, impoverish our peoples and promote social tensions. It cannot be forgotten that it was the difficulties of the industrialized countries themselves which pushed interest rates to exorbitant levels; that it was the industrialized countries themselves which reduced official development aid, paving the way for the hegemonic rôle of private banking in world finance. Now comes the time for payment, and the mechanism of interlocking conditions among the multilateral institutions enters the scene, not in order to improve matters but to insist on payment for those loans under crisis conditions.

The enormous difficulties encountered in exporting, whether because of low prices or because of protectionist barriers, in combination with the demands for payment, have resulted in a net transfer of resources from our poor countries to the rich countries, thereby hindering development, slowing down international trade and further impoverishing our poor peoples.

In its statement of November 1982, our delegation voiced the need to conciliate positions in a world full of contradictions, and thereby to ensure peace and the survival of peoples. We reaffirm that posture today, since in the four years that have elapsed the conciliation we had hoped for in the sphere of trade and international finance has not been forthcoming.

In spite of the commitments entered into at that Ministerial meeting, at which we agreed not to apply measures inconsistent with the trade interests of the Contracting Parties and to reject restrictive trade measures imposed for political reasons, our country has been systematically suffering from the violation of those commitments.

In 1983, sugar exports to our principal market were cut by 90 per cent in a unilateral and discriminatory manner, in violation of Article XIII of the GATT. The recommendations of the CONTRACTING PARTIES in that regard were imperiously ignored. In 1984, the exclusion of Nicaragua from the benefits of the Caribbean Basin Economic Recovery Act injured the interests of our country and sought to isolate it from the other countries of the region by depriving it of the preferential treatment accorded to its Central American and Caribbean neighbours. In May 1985, a total embargo was ordered on Nicaragua's trade, flagrantly violating commitments established by the GATT and the most elementary norms of international law.

These actions against Nicaragua and the many other measures of financial restriction and pressure on multilateral institutions have not only hurt our country but have also hit all the countries of Central America, affecting their mutual trade and jeopardizing the very stability of the Central American Common Market.
In view of this systematic aggression, we appealed to the highest tribunal of the United Nations, the International Court at The Hague, which explicitly and unequivocally found that the trade embargo was not justified as a protection of any essential security interest of the United States. We consider that the judgement of the Court constitutes a legal instrument of the highest value and that the arguments it adduced in connection with the embargo help to better interpret the provisions of Article XXI of the GATT and to define its scope.

To infuse credibility in the Uruguayan Round that will emerge from this meeting, and to restore confidence in the multilateral trading system, we must assume firm and verifiable commitments as regards status quo and rollback, which must include all restrictive measures inconsistent with, or not based on, the General Agreement.

We propose, as a priority goal, the total liberalization of trade in tropical products and the complete incorporation of the agricultural sector in the GATT.

It is essential that in all areas of negotiation the effective implementation of differential and more favourable treatment for developing countries should be ensured and that surveillance mechanisms should be strengthened.

It is also imperative for the organization of world trade that an agreement should be rapidly adopted concerning safeguards, independently of progress in negotiations on other sectors, and that the dispute settlement machinery should be improved and strengthened with a view to ensuring the protection of the least-developed countries and to reducing the asymmetry, so eloquently referred to by Foreign Minister Dante Caputo yesterday, by making decisions of the CONTRACTING PARTIES binding.

We do not think that services, investments and intellectual property should form part of these negotiations. We consider that the subject of services is not within the competence of the General Agreement, nor has it been sufficiently studied to be negotiated. We should therefore continue to examine the matter in a framework acceptable to all.

The GATT must be strengthened. For that, it is essential that any decision we adopt should respect the basic principles of consensus.

We appeal in this forum for an effort to be made to respond to the problems of protectionism and trade, but without detaching ourselves from those global issues which affect the world economic system and which have an impact on trade problems. We also call for respect for the interests of the weak, of the poor countries, by constructing rules and mechanisms to overcome the existing inequalities in the world economic system. And,
above all, we call for the contradictions that may arise to be resolved on the basis of respect for the law and not of the use of force and preponderant power.

As in 1982, we plead for the restoration of confidence in international trade relations. Confidence in the implementation of the principles and norms of international law. Otherwise, it would not be possible to move on to other stages in those relations.