

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)102  
November 1982

CONTRACTING PARTIES  
Thirty-Eighth Session  
Ministerial Meeting  
(24-27 November 1982)

Original: Spanish

STATEMENT BY THE VICE-MINISTER  
FOR ECONOMICS AND FINANCE OF URUGUAY,  
H.E. MR. JUAN ANTONIO CHIARINO

The present Ministerial meeting of the CONTRACTING PARTIES is the culmination of a complex process of negotiations which has taken place during one of the most critical periods in international trade. In spite of the determination, shared by all, to solve the serious problems facing us today, we are clearly aware that the preparatory work carried out has not succeeded in crystallizing adequate commitments.

My Government would like to make some comments on the scope of this meeting and on the future work programme of GATT in an effort to seek an open multilateral trade system.

There is a danger that the real lack of precise understandings will lead, via a series of laborious negotiations, to statements and agreements which could be interpreted later on in a contradictory manner, as is proved by the document submitted to us by the Council. The magnitude of the problems facing us, and the crisis in world economy, require on the contrary that we act in a concrete and precise manner.

It is a well-known fact that the stagnation in economic activity over a longer period than in the case of the previous recessions, and growing unemployment deriving from this, have aggravated protectionism. This is undoubtedly the worst feature of international trade at the present time. As a result of this phenomenon, there has been an increase over the last decade in the obstacles to trade, which have appreciably affected exports from the developing countries. Nations such as Uruguay, whose economic development depends in large part on their export earnings, face the difficult problem of sustaining their growth while competing in an international market which is constantly shrinking.

My country, which is traditionally an exporter of agricultural products, has in recent times diversified its exports, increasing the percentage of manufactures in its sales to the outside world.

Trade in agricultural products has not been governed by the rules which constitute the basis of GATT's work, and this has considerably restricted access by the products of the developing countries to the international market. This deterioration has been increased by the system of subsidies granted by industrialized nations and designed to dispose of huge stocks accumulated as a result of price policies, for the purpose of increasing the earnings of their agricultural producers.

The contraction of markets as a result of systems for the protection of domestic agricultural production (over the last decade this protection has increased by \$40 billion in the developed countries) has been aggravated by policies of export subsidies which upset trade and seriously distort international price structures.

For these various reasons, Uruguay firmly supports the proposal to set up an agricultural committee, the main purpose of which would be to examine multilaterally the international impact of these national agricultural policies, with a view to achieving the maximum possible level of free trade through the reduction of stocks, limitation of export subsidies and a more liberal opening-up of consumer markets. This is virtually a condition sine qua non if GATT is to be able to attain its basic objectives fully.

In the sphere of manufactures, there has been a proliferation of non-tariff measures consisting frequently of novel restrictive mechanisms which clash with the rules of the General Agreement. The main consequence of their application has been the introduction of discrimination against exports from the developing countries. The example of textile products is conclusive proof of this.

Faced with this situation, it is essential that this meeting should achieve the necessary agreements to re-establish an adequate framework for international trade, based on equitable principles and rules and eliminating the present uncertainty surrounding access to the markets. An essential factor in this is the work to be done by the group which is scheduled to examine quantitative restrictions and other non-tariff measures.

Uruguay, like other countries of low economic capacity, has felt that in order to achieve socially acceptable economic growth rates, it is essential gradually to open its economy. In consequence, an effort has been made over the last few years to carry out an important process of reform of its trade policy. Leaving aside the previous strategy of import substitution, Uruguay has developed a broad programme of elimination of restrictions on imports and has designed and carried out a tariff policy which has substantially reduced the charges on revenue from this source. The result has, of course, been an increase in the availability of goods per capita, the reduction of price levels, and a stimulus to productive investment. This has also been done by unilateral decision, without any reciprocity on the part of the industrialized countries. It is an effort which we regard as extremely effective, but it has nevertheless come up against difficulties arising from the attitude of industrialized countries which, on the pretext of protecting their economies, restrict the access of goods from outside to their markets, thus seriously affecting our exports and at the same time harming their own consumers.

A serious aftermath of this protectionism is the tendency to return to discriminatory and selective practices which GATT was expected to deal with when it was set up. We ourselves firmly believe that this Ministerial meeting should reaffirm the basic principles of the General Agreement in a special manner, effectively implementing the present provisions designed to ensure greater participation by the developing countries in international trade.

Similarly, there must be a reaffirmation of the practice of regarding this organization as a multilateral forum for discussion and co-operation in international trade, where the interests of all the contracting parties will be taken into account.

The foregoing makes it quite clear that in our opinion GATT has before it important work, to be done immediately and, as time goes on, in order to achieve its essential goals and carry out the programmes already agreed to. This is the task on which its efforts must be concentrated.

Hence we consider it inadvisable to expand GATT's field of activities with a large number of tasks, as certain contracting parties would like, since these do not come within its specific legal competence. An example is that of services, the complex implications of which suggest the need for a careful examination of the effect which any decisions are likely to have on the economies of the developing countries, and a study of the forums in which these tasks should be handled.