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The thirty-eighth session of the CONTRACTING PARTIES takes place in the midst of a particularly difficult international economic situation.

The world capitalist economy is going through the worst post-war crisis, comparable to the "Great Depression" of the thirties, and perhaps one of the biggest of its history.

The synchronism and particular intensity of this crisis that hits all developed market-economy countries, albeit to different degrees, but in a general manner, is given by the sudden fall of the gross national products of the OECD countries from 3.4 per cent in 1979 to just over 1 per cent in 1980; to 1 1/4 per cent in 1981 and probably, to a rate equal or inferior to the latter in 1982.

As was to be expected, this weakening of economic activities was also reflected in world trade whose rate of growth - as derived from exports - dropped from 6 per cent in 1979 to 1 1/2 per cent in 1980 and probably to an equal level in 1981.

This is indeed a complex crisis, and it reflects the general crisis of the whole capitalist system. It is not just a cyclical evolution but a process which reflects a much more far-reaching deterioration involving diverse energy, ecological and structural problems.

We could name, only for illustration purposes, some typical features which show the serious complexity of this crisis. In the first place, the current economic shrinkage is comprised in the course of a general trend towards the slowing down in the rate of growth of market-economy countries which already covers a whole decade: these rates were in the order of 5.5 per cent in 1961-73 but only 2.5 per cent in 1974-80. In the second place, the situation is complicated by a chronic inflation phenomenon which started at the end of the 60s and increased sharply during the 70s: the inflation rate for the seven principal OECD countries in 1965 was 2.6 per cent; but in 1970 it reached 5.7 per cent, it averaged 8.6 per cent between 1971-79 and even today, as is known, it remains at this same high level. Thirdly, this is also complicated by a chronic unemployment phenomenon: in 1975, the worst post-war crisis year with the exception of the present crisis, unemployment in the seven aforementioned countries reached 5.4 per cent, but in the following years of recovery and boom it remained at 5.2 per cent. On the other hand and as is known, due to the economic policies followed by these capitalist powers we are now facing

a situation where reduction of inflation means more unemployment and reduction of unemployment means higher inflation. The situation seems especially tragic today when the slight lessening of inflation has left a wake of more than 13 million unemployed within the OECD countries.

There are also financial and monetary aspects to this crisis. Although in some cases they express the unbalances and struggles characteristic of market economies, in others they appear clearly as phenomena aggravated by, or originating in, policies as mistaken in their economic aspects as they are backward in the social field.

This financial-monetary situation does not seem to be on the way to solution, but rather, and to a large extent due to the above-mentioned policies, it seems to be getting worse. Again the United States dollar - revaluated this time - has introduced an element of instability in the international monetary scene. Moreover, the United States monetary policy has kept such international pressure on interest rates that they are still way up in the clouds, as they say, and variable as the weather. We feel obliged at this point to recall that for each 1 per cent increase in interest rates the service on the foreign debt for developing countries is increased by \$2 billion.

As long as the economic crisis worsens, the developed countries with market economies launch all the effects of such crisis over the underdeveloped countries, with the interest of preserving the benefits of monopolies.

The underdeveloped countries' annual balance-of-payment deficit in current accounts averaged more than \$33 billion per year between 1970 and 1979. There you have, in essence, the origin of the huge foreign debt of those countries which will certainly widely surpass \$600 billion next year. At the same time and paradoxically, as representatives of my country have pointed out on other occasions, commercial loans are being reduced just when these countries need them most; loans from the International Monetary Fund are almost nil in some cases and the level of so-called official development assistance is reduced in absolute or relative terms. On top of this, and to further complicate the situation, interest rates are still very high due to pressure by the United States.

And now, we ask: What is the origin of the chronic deficit of the balance of payments in current accounts?

The origin of the deficit of the balance of payments is in the unequal exchange that developed countries with market economies impose to developing countries and it is reflected in the balance of trade which averaged an annual deficit of \$25 billion during 1970-79.

That commercial deficit lead to a debt, which in turn, was reflected on the current account interests and brought about a real vicious circle which will sooner or later have to be broken.

Deficits of the trade balance of developing countries have their origin in the unequal exchange phenomenon whose worsening - as shown by economic trend indexes of terms of trade - was preceded by an inflationary boom at the end of the 60s and beginning of the 70s in prices for manufactured goods without being offset by an equivalent and sustained price increase for commodities. Lately, and above all since the end of 1980, this situation has taken such an impressive turn for the worse that it is considered without precedent in post-war years.

According to expert estimates, the price fall of commodities - considered solely in nominal terms - represented a loss of \$8-10 billion in export earnings by developing countries during 1981. Added to this is the reduction of export volumes of the majority of primary products exported by the so-called Third World and which represents its main source of income.

All of these negative factors have resulted in the worsening of one of the worst - if not the worst - crisis that the developing countries have had to face in all of their history.

In this sense, I cannot avoid mentioning the present crisis being faced by the sugar market. Sugar is Cuba's most important export product but it also plays an important rôle in the economies of Brazil, Philippines, Dominican Republic, Thailand, India, Australia and other countries. If we compare its current price to that of 1959, taking into account current prices for products being imported by the country, it would be in the order of approximately US cents 1 or 1 1/2 per pound.

During the last 22 years sugar has maintained an annual average price ranging between 25 to 30 cents per pound only in 1974 and 1980; between 20 and 25 cents in 1975 alone; between 15 and 20 cents in 1981 and between 10 and 15 cents in 1976. On the other hand, the price of sugar has been fluctuating from 5 to 10 cents during seven years and from 1 to 5 cents during ten years.

The agricultural subsidy policy of the EEC, which has turned it into one of the main exporters to the so-called free market in recent years, and the restrictions on imports of sugar recently introduced in the United States have placed sugar-producing developing countries in a desperate situation.

In pointing all this out, it is not our purpose to launch bitter accusations. We do so with the sincere goal of explaining the negative effects on our countries of measures which are probably justified in the light of national interests, but entail grave consequences in the context on international trade and especially for the underdeveloped countries. In this sense we trust that sound judgement shall prevail, facilitating the development of international trade of this product under fairer conditions thus contributing to overcoming the current crisis.

On the other hand there has recently been an increasing deterioration of the international trade system and of the norms established after the war aimed at trade liberalization. This deterioration has noticeably affected the functioning of GATT; the efficiency as well as the positive rôle that this institution should play in world trade has been reduced.

The best example is the unprecedented increase of protectionist measures, especially non-tariff barriers, implemented in a selective and discriminatory way.

There has also been a trend during recent years toward the application of coercive economic measures and the use of trade as a political weapon to defend colonial stands or seeking to punish peoples struggling for their economic independence and emancipation. Cuba is the victim of a twenty-year old commercial and economic blockade that has not only hindered the establishing of bilateral trade with our country, but which has also relentlessly persecuted our main export products - especially nickel - restricts our access to credits and loans from international banks and forbids us to use the dollar in our international transactions. This year, a group of developed countries enforced measures on the Republic of Argentina suspending imports from that country and more recently the United States has dictated several "sanctions" against European socialist countries which not only affect their own bilateral trade with those countries, but also enterprises from other countries using its technology.

The worsening of international tensions, the maintenance of unbalances between rich and poor nations, that have their origin in the exchange inequality, the hardening of positions, the abandonment of multilateral negotiations, and the search for solutions within the narrow framework of individual interests and bilateralism shall not be able to solve the present economic crisis and shall lead us sooner or later to a catastrophe whose proportions cannot be predicted.

This meeting of the CONTRACTING PARTIES should contribute to the solution of the problems affecting international trade.

My delegation considers that above all it is necessary to issue a clear statement acknowledging the need for the correct application of GATT's rules and that in doing so the particular situation of developing countries be taken into consideration.

The importance and validity of Part IV of the General Agreement and of the Enabling Clause should also be equally acknowledged, its provisions more completely implemented; this will allow a greater participation of developing countries in world trade. The non-reciprocity and non-discriminatory principles for developing countries presently supported by the General Agreement, must be fulfilled.

We must take a stand and take efficient steps as regards the increasing trend towards implementation of protectionist measures, especially non-tariff barriers which hinder the normal development of international trade and particularly affect developing countries. In this sense, we must also reject trade measures applied for political reasons against all international law and norms and which are inconsistent with GATT's postulates.

The application of safeguard measures should be examined and their application based on a selective criterion should be rejected.

The need of reaching an agreement on the application of subsidies should also be acknowledged taking into account the interests of developing countries.

It is also essential to establish a favourable legal framework for the marketing of agricultural products thus improving the access of these products to the markets of developed countries and in the case of tropical products, urgent measures should be adopted in order to eliminate or substantially reduce restrictions applied on them.

We consider that measures towards the improvement of the mechanisms for the settlement of disputes should be adopted.

These are, among others, the issues of interest to my country. We are aware that in order to reach positive results in this meeting we must establish an open dialogue which will lead to the identification of mutually acceptable solutions which will benefit all of us. We are prepared to make our contribution towards this aim. But it is essential that while looking for the solutions, the situations and needs of those of us who make up that world which some people - with obvious optimism - have called developing world, be taken into consideration not only because of a basic sense of justice but because it is the only way which will enable us to reach true solutions.

I do not wish to conclude without acknowledging the efforts being carried out by the secretariat in the fields of training and technical co-operation which must be increased in the future.

Allow me, in conclusion, to quote the words of President Fidel Castro in his speech before the Thirty-Fourth Session of the United Nation's General Assembly: "In the short-term view, development can be a task entailing apparent sacrifices and even donations which may seem irrecoverable, but the vast world now submerged in backwardness, with no purchasing power and with extremely limited consumer capacity will, with its development, incorporate a flood of hundreds of millions of consumers and producers, the only factor capable of restoring the international economy including the economies of the developed countries which today engender, and suffer from, the economic crisis.

The history of international trade has shown that development is the most dynamic factor in world trade. Most of the trade in today's world takes place between fully industrialized countries. We can assure you that, as industrialization and progress spread throughout the world, trade will also spread, to the benefit of all.

It is for this reason that, on behalf of the developing countries, we expound and advocate our countries' cause. We are not asking for a gift. If we do not find effective solutions, we will all be victims of the catastrophe."