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Speaking in the name of the Government of the Republic of Cuba, I should like first of all to congratulate the Director-General and the staff of GATT for the important work they are doing.

As you know, between the end of November 1947 and March 1948, our national capital, Havana, was the venue for meetings of the United Nations Conference on Trade and Employment and for the first session of the CONTRACTING PARTIES to GATT; for this reason alone, from the purely historical aspect, we could feel very closely involved in the inception, development and future of GATT. Many things have changed in the world since then, and Cuba, which was the site of events that formed an essential part of the inception of GATT, is no exception.

I do not know whether any of the participants in the Conference on Trade and Employment or in the first session of the CONTRACTING PARTIES have had occasion to return recently to the city where those meetings took place, but any of them who have done so will have seen the changes that have occurred over the past four decades.

In this short period of history, Cuba has ceased to be a semi-colony and has become a truly sovereign State which is building socialism in a resolute fight against under-development and in which the thinking and Latin-American action of Bolivar and Marti are being implemented to an increasing degree.

Significant changes have also taken place in the world situation in general, in the economy and in trade in particular.

GATT was created and the Havana Conference convened in the immediate post-war period when mankind was engaged in reconstructing the European and Asian countries that had been devastated by the world conflict and when the massive process of de-colonization, which reached its peak in the 1950s, had barely commenced.

The international economic situation at that time was broadly characterized by the considerable predominance of the United States of

America which had emerged from the war wealthier than any other State, by the weakness of links between the colonial world and the European metropolises, and by the first steps toward collaboration between the recently established peoples' democracies of Eastern Europe and the USSR.

In such circumstances, the task of regulating international economic relations in order to strengthen the United States' economic hegemony was in the forefront.

The financial agreements of Bretton Woods were drawn up in this context and plans were made for establishing an international trade organisation, of which an agreement on tariffs and trade negotiations was to be an integral part. In this undertaking, and as is quite natural, the initiative was taken by the party most interested in an international legal framework that would allow it to obtain and secure the utmost advantage from its predominant position in international economic relations.

For the purposes of the United States, nothing was more suitable than the creation, through the future International Trade Organisation and the General Agreement, of a legal and institutional framework corresponding to its interests, as noted by GATT's former Director-General Mr. Olivier Long in his book, "Law and its Limitations in the GATT Multilateral Trade System". I quote:

"In the creation of the post-war neo-liberal economic order, its (i.e., GATT's) rôle, like that envisaged for the ITO, was to promote the re-establishment of world trade, stifled by protectionism and the bilateralism of the Great Depression of the 1930s and by the Second World War."

This is not the occasion to consider in detail why the International Trade Organisation failed to materialize, but clearly a mortal blow was the fact that the country which had promoted it and prepared the first draft of the Havana Charter, withdrew its support.

In the first years of its existence, GATT successfully carried out the task for which it had been created. In this connection I may quote from the report "International Trade - 1953" as follows:

"Both in dollar value and in volume the international exchange of goods had increased until 1951 and reached an all-time record in that year..."; it went on to state:

"If the trade between the primary producing countries and the industrial parts of the world was practically balanced in 1951, the trade position of the areas composing the industrial group had suffered such substantial distortions that the Western European industrial areas, having become more dependent on the dollar area as a source of supply and having lost part of their export markets to the industrial countries of the dollar area, were experiencing a substantial deficit in their dollar trade. This deficit placed a heavy strain on other

items in the balance of payments of those countries and, as a matter of fact, their external accounts could only be balanced through the extensive assistance granted by the United States which made an essential contribution to the maintenance of international trade at a high level after the war."

Forty years after GATT's establishment, it is appropriate to look back over the problems encountered and, in the perspective of the future, to review its achievements and shortcomings. This is all the more relevant at a time when we have embarked on a new round of negotiations launched just a year ago at Punta del Este, Uruguay - one that is expected to surpass in importance all earlier rounds.

Over time, GATT has become a system spreading beyond its original scope. It is rightly said to constitute, at one and the same time, a legal framework for the conduct of trade among its members, a forum for trade negotiations and for adapting the legal framework to new circumstances, and an organ for conciliation and settlement of disputes; that is why parallel progress is necessary on these three aspects of the system.

Undoubtedly, GATT's greatest progress has been in reducing tariffs on manufactures; as a result of the successive rounds of negotiations, the average level of those tariffs has been cut from 40 per cent to less than 10 per cent.

Nevertheless, this tariff reduction has not been uniform for all products, and, although under the principles and rules of the General Agreement, the developing countries have reduced their tariffs to a lesser degree than the developed countries, their negotiating power has been impaired on products subject to bound tariffs, with the result that the largest tariff cuts have been on products of less interest to the developing countries.

Furthermore, tariff escalation, which at first sight seems beneficial to the developing countries since lower tariffs are applied on raw materials than on products processed from them, has hampered possibilities for our countries to add value to their exports by processing prior to export. This is a subtle form of protectionism which affords a higher level of protection to "national value-added" to the detriment, in particular, of the weak economies of developing countries, and it has not been eased to any substantial extent by the majority of the GSP schemes in force.

GATT activity in the area of general trade in manufactures, even with the limitations mentioned, has not been adequately reflected in respect of textile products.

The Multifibre Arrangement, in its four successive versions, has afforded a framework within which importing countries fix import quotas, country by country, for practically all types of fibres.

Protectionist activity in this sector has been quite costly for taxpayers in the developed importing countries. According to some sources, in 1984 the cost of protection for the United States textile industry was around US\$18 billion.

Moreover, the negative effect of non-tariff barriers is being increasingly felt in international trade, particularly in regard to exports by the developing countries for which such barriers have become the main impediment to trade expansion.

According to the latest report by the International Bank for Reconstruction and Development on world development, 21 per cent of imports by developed from developing countries were subject to barriers of this kind in 1986, representing a 5 per cent increase in relation to 1981.

It should be noted that the barriers referred to in that report include only the most direct forms, such as quotas and voluntary restrictions, and do not take into account other more subtle measures such as sanitary regulations.

In the particular case of manufactures, GATT statistics indicate that 31 per cent of exports of such products from developing countries were affected by barriers of this kind, as against only 10 per cent of exports by developed countries.

The situation regarding non-tariff barriers is still more acute for the under-developed countries in the textile sector than in other sectors: 61 per cent of textile exports come up against non-tariff barriers, including those provided for in the Multifibre Arrangement, in comparison with 21 per cent of exports from developed areas. In the particular case of clothing, 78 per cent of exports by developing countries were subject to such barriers, as against 31 per cent of exports by developed countries.

Looking back over GATT's work, one can see that the least progress has been made in the agricultural sector, which is precisely the most sensitive one for the trade of developing countries.

For reasons of domestic policy on the part of the major market-economy States, in the forty years of GATT's existence it has not taken substantial measures to foster liberalization of trade in agriculture which, on the contrary, is being protected to an increasing degree.

Direct or indirect subsidies on production or exports are reaching impressive levels that have even prompted adverse reactions from international sectors of opinion in the countries that grant them. By way of example, last year the EEC and the United States each earmarked some US\$25 billion for agricultural subsidies, while for Japan the figure was around US\$15 billion.

Responsibility for liberalizing trade in agriculture lies mainly with the very parties which have led the escalation of their domestic subsidies in this sector of the economy into an endless spiral. In this regard there

are common interests among countries at different levels of development and even with different economic and social systems, as evidenced in joint action by the so-called Cairns Group.

It is clear to everyone that the complexity of the present international economic situation calls for an approach to each of its elements - in this case trade - conducive to solving the three most acute problems, which are in fact closely linked: the external debt of developing countries, protectionism and the great volatility of interest rates.

To these one must add that notwithstanding the fall in the dollar, it has not been feasible to correct the commercial and financial imbalances existing between the major market-economy industrialized countries.

In particular, the trade deficit of the United States increased from US\$124 billion in 1985 to US\$147 billion in 1986, notwithstanding a decline in that country's oil imports by US\$16.6 billion over the same period. According to the most recent figures available, that country's fiscal deficit is of the same order - US\$148 billion for last year.

The magnitude of those two deficits is reflected in that country's trade policy measures. The United States has embarked on a frankly protectionist phase. Whereas between 1945 and 1974 - and leaving aside the Multifibre Arrangement - that country adopted formal measures of protection on manufactures in only two instances, since 1974, on grounds of "special protection", it has done so on seventeen occasions, not including several dozen investigations which, without further developments, imposed a certain form of protection on imports from abroad.

To this list of United States protectionist measures one must add the recent import charge on oil, which a GATT panel has found discriminatory, and the protective measures for its computer and electrical parts industry which have raised tariffs on these products by 100 per cent.

In line with this short-sighted protectionist trend, the 1984 Trade and Tariff Act of the United States extended that country's legal framework for the adoption of provisions of this kind. The United States Congress has now approved new draft legislation of a general character on trade, with the object of making protective measures still more diverse and arbitrary; those provisions run counter to commitments and obligations entered into by the United States in GATT, more particularly as regards Part IV of the General Agreement.

By this action and because of its significance in world trade, the United States is dragging the world into a new protectionist war inconsistent with the spirit and the letter of the principles of GATT the anniversary of which we are celebrating today; such action, in conjunction with the other difficulties currently besetting the economy, could nullify everything achieved to date in the field of international economic co-operation.

In thinking about the problems and tasks before GATT, we must start from the premise that we are living in a world that is increasingly interrelated and interdependent in the fullest sense of the term. Despite the differences that can arise between States in one or other area, mankind has a common destiny, and the peoples of the world are increasingly aware of this.

That is why, in order to achieve viable and durable solutions in the economic field, we must begin by eliminating the unjust order currently prevailing.

It is neither greater exploitation nor greater poverty of the peoples of the Third World, that solutions will be found to the problems besetting the economies of the developed market-economy countries. On the contrary, it is by realizing the need for a new international economic order to boost the economies of developing countries, by promoting the consumption and purchasing power of their inhabitants, that it will be possible to achieve substantial and long-term recovery of the world economy and at the same time prevent a recurrence of the contradictions generated by the existing unjust order which could undermine the high consumption levels achieved in the industrialized market-economy countries.

This new international economic order is no abstract idea, but a set of concrete principles applicable to international negotiations and to the Uruguay Round in particular.

Only if those principles are given concrete expression in the coming negotiations will we be able, in the field of international trade, to make positive and durable progress beneficial to the world economic situation.

That is why it cannot be realistic or viable for some developed countries to attempt to establish, in the course of these negotiations, requirements and commitments designed to prevent the development of the Third World countries and to prevent the latter from adopting measures to promote their industrialization and their access to leading sectors of today's economy so as to bridge the increasingly wide gap between the industrialized world and our under-developed peoples and, in the long term, to achieve a stronger flow of trade in all directions.

Nor is it possible to progress toward satisfactory results unless all States participate in the present round of negotiations.

This is why we consider it necessary that the USSR and other centrally-planned-economy countries should participate, for this would contribute to universality of the system, particularly if one considers the production potential of those countries and the scope of the economic reforms in which they are engaged; these will undoubtedly have repercussions in the foreign economic relations of those countries, from the aspects of both quantity and quality.

Lastly, I should like to refer to the so-called "trade embargo" which the United States has been maintaining against our country for more than a quarter of a century, i.e., for almost two-thirds of GATT's existence, with the aim of destroying the Cuban revolution and depriving the Cuban people of their right to self-determination, independence and sovereignty.

It might seem superfluous to state here, before an assembly so well versed in international economic and political matters, that such action by the United States is in breach of the objectives and principles set forth in the preamble to the General Agreement, in its Articles I, II and V, Part IV in its entirety, since Cuba is a developing country, and in breach of the United Nations Charter and in general of the most elementary principles of international law.

As regards violations of the General Agreement, the United States has unjustifiably invoked the "security exceptions" provided for in Article XXI, since it is no secret that Cuba has not threatened, is not threatening nor will ever threaten the United States; on the contrary, the latter country has threatened and is threatening our security through sabotage, spying, violation of our land, sea and air frontiers, and has organized and supported armed aggression against our people as on the occasion of the mercenary landing at the Bay of Pigs.

As reflected in the Ministerial Declaration adopted by the CONTRACTING PARTIES in 1982, recourse to measures of this type is becoming increasingly frequent, and this is serious. In recent years, various countries have been or still are victims of illegal economic sanctions - Nicaragua for example.

We consider it appropriate on this occasion of taking stock and looking to the future, to give some thought to this and other similar matters, and to the attitude that GATT should adopt in regard to them, for if the present policy is continued, it will not be possible to continue to speak of international co-operation, of equality and of preferential treatment for the developing countries, when in practice the law of the strongest, the law of the jungle is allowed to operate in international relations.