GENERAL AGREEMENT ON

TARIFFS AND TRADE

SR.45/ST/18
20 December 1989

Limited Distribution

CONTRACTING PARTIES
Forty-Fifth Session

Original: English

BRAZIL

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As one looks back at the revolutionary events of 1989, there can be no doubt that this year of the Bicentennial of the French Revolution was indeed the year of change.

As contracting parties sit here in Geneva to evaluate the work done throughout the past twelve months both in normal GATT activities and within the framework of the Uruguay Round, new and unpredictable winds of change are sweeping across countries only a few hundred miles away. The extraordinary historical changes remind us of Goethe's judgement after the Prussian defeat in the Battle of Valmy. Asked for his impressions by officers of the staff of the Duke of Brunswick, the poet replied: "From this place and day a new period in the history of the world has been born and you will be able to say 'I was here'".

The Cold War is coming to an end in what was its very essence: the division of Berlin, Germany, Europe and the world into two irreconcilable ideological blocks. The death of ideology seems to spell for some hasty observers the end of history as a dialectical opposition between competing models of political and economic organization.

Another division, however, has not shown signs of receding and with it remains the unacceptable and greatest of rifts between different segments of mankind, one that makes recent progress ultimately precarious: the North, rich and dynamic, and the South, poor and without hope.

Indeed, the easing of tensions between East and West and the widening of the gap between the haves and have-nots appear to point to an omen of perverse tendency, reducing the four global stages to only two: North and South.

This scenario is cause for concern, particularly if one looks at the rate of expansion of world trade in 1988 at a rate of 8.5 per cent and maintaining that pace for the fourth consecutive year. This performance should repeat itself this year, but the benefits will not be equally shared. Instabilities and uncertainties arising from the imbalances among the three major economic powers continue to prevail. Together, they produced a most disheartening impact on developing countries. The availability of international credit has shrunk. Inflation has soared to levels that Latin America, for one, could not have dreamt of.

89-1927

The sweeping changes that are daily renovating the face of the earth appear, however, to have had scant effect in the trade area. At a time when the prophecy in President Nixon's inaugural address about the era of negotiation replacing the era of confrontation is finally taking shape before our eyes, it is sad and anachronistic, indeed, to witness in GATT a return to unilateralism as a tactic of confrontation and threat in order to gain advantage in negotiation.

As a developing country, Brazil is extremely dependent on the emergence of a responsive world market and on the free flow of trade. In Brazil, the need for change has also been felt. In these past two years, considerable efforts were undertaken at the internal level in order to liberalize trade: taxes were abolished, tariffs were lowered, administrative procedures were both rationalized and simplified, all this even in the face of the drastic reduction in the world prices of some of our important commodity exports like, for instance, cocoa, the value of which has fallen to its lowest level in 14 years. The impact of such changes can be measured by the increasing flow of imports and decreasing surpluses in the trade balance.

On the political front, change is also the current sentiment in Brazil. This month the country will elect its new president. This will certainly contribute to furthering the process of review of the performance of the economy and, within this framework, of foreign trade.

Whatever the outcome of such a process, no new government will manage to plan for the future without relying on the progressive expansion of trade. And certainly, the recovery of the development process will not be possible unless we can reverse the crippling transfer abroad, to the developed economics, of gigantic amounts of resources year after year. Brazil just cannot continue to export its most needed and scarce commodity, capital.

This brings us to the relationship between finance, debt and trade. Let us not forget that the General Agreement was drafted within the context of the efforts for European recovery and that its clauses only became fully operative once there was enough capital flow to finance the trade expansion stimulated by GATT.

Such a scenario maintains to this day its validity. Trade and finance come together as two sides of the same coin. For Brazil, a positive and expanding inflow of foreign resources must be restored. Credit, new investment and a rational and equitable solution to the foreign debt problem constitute elements without which the country's ability to participate fully in the multilateral trading system will be seriously impaired.

The relevance of finance to trade has been constantly recognized by our Ministers. And the link existing between these two areas was explicitly recognized in the Punta del Este Declaration. Even so, no satisfactory solution to the issue has been forthcoming. Let us hope that the final months of the Uruguay Round will bring a sense of urgency to this very important question, which has already been debated in the Committee on Trade and Development but which nevertheless deserves further and deeper consideration.

The insertion of developing countries in the world economy no doubt depends in great part on efforts to be taken at the internal level. And indeed, as far as Brazil is concerned, much has already been achieved. On the other hand, without a consistent international solution to their financial problems, any results achieved internally or in the Round might prove meaningless.

For Brazil, therefore, no part of the Punta del Este Declaration can be forgotten or simply left untouched with the excuse that the problem belongs elsewhere or is too complex to be tackled in the negotiations. The Round is a single undertaking and at the end of the day, developing indebted countries cannot be expected to further jeopardize their already precarious situation by granting trade concessions that are not matched in the area of finance and debt.

Therefore, as we enter the final year of the Uruguay Round, let us again stress the entirety of the negotiating mandate. And let us allow the winds of change to bring forth a renewed impetus to the process and help us to achieve, one year from now, ambitious and balanced results that will strengthen the multilateral trading system with due consideration to the needs and priorities of all participants.