

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### BRAZIL

#### Statement by H.E. Mr. Rubens Ricupero Ambassador, Permanent Representative

The distinction between the regular work of the GATT and the Uruguay Round negotiations may have been useful in previous sessions of the CONTRACTING PARTIES. Now, however, in the wake of the events we have just gone through, to insist on their separation would be both futile and artificial. It would further confuse the fact that, although different in nature, these two activities share a common goal with respect to the reinforcement and improvement of the multilateral trading system. What is at stake in both cases is the need to foster the restructuring of production world-wide in order to ensure increased welfare by means of an expansion of trade.

Among the myths that were put to the test last week and found to be false were two popular fallacies: that of a "Super-GATT", a smaller group of like-minded countries willing to take on new obligations, and that of a supposedly outmoded system unable to cope with the challenge of new issues, presumably because of the reluctance of developing countries.

It soon became evident in the discussions that the potential for conflict that is inherent to trade is in direct relation to the magnitude of the contradictory interests among partners, and that these are much bigger among the mighty than between the latter and the smaller partners.

On the other side, it was clear that the new issues played at best only a marginal rôle in generating the present stalemate in the negotiations. Those stumbled once more, as in Montreal, and as in the Tokyo Round eleven years ago, on the continuous failure of the system to absorb and accommodate the most traditional, the most ancient and the less complex and sophisticated kinds of trade: that in agriculture, textiles and footwear. This situation is difficult to understand and to accept, for several reasons:

- first, liberalization in these areas is long overdue and should have started when the GATT was agreed upon decades ago. It is difficult to move ahead without removing the stumbling blocks from the past;
- second, there is an overwhelming lack of proportion, as far as the direct impact on trade is concerned, between agriculture and

textiles on the one side, and areas which are only indirectly related to trade on the other side. There is no credibility to insist on imposing uniformly equal rules for all in those sectors, regardless of differences in levels of development, while a whole range of exceptions, derogations and waivers on an important volume of trade flows are carefully being preserved; there is a glaring contradiction between prohibiting export subsidies in industrial goods and defending them in agricultural trade;

- thirdly, the countries which are more reluctant to face competition in traditional sectors are exactly those which can afford the economic means and social conditions to undertake the restructuring of their productive sectors. If they are not prepared either to adjust or to progressively abandon areas in which they are no longer competitive, there will be no scope, I am afraid, for extending the multilateral trading system into new and uncharted waters.

It is impossible to escape the reality of the predicament we are in. There is no way we can evade either the centrality of agriculture or the need to take on board the smaller partners - developing, developed and former centrally-planned economies - with concrete and important interests at stake.

To build on a firm basis we have now to make sure that the political will to meet those conditions will be there before we set new deadlines or commit ourselves to a renewed effort. A fresh start must be fair, that is, has to accommodate the reasonable interests of all, has to rely on free consent and open participation of large and small, has finally to be moderate and realistic which does not mean the indefinite acceptance of situations badly in need of a "perestroika".

In recent weeks we heard a great deal about all sorts of crises, managed, constructive or real ones. As we approach with trepidation a new threshold of challenge in our perilous journey it would perhaps be appropriate to recall that in his "Prison Notebooks", Antonio Gramsci described a state of affairs with more than a few similarities with what we are experiencing now. He wrote: "The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear".

The old in our context is the frustrating inability to do away with the backlog of unfinished business inherited from the past. This is what is poisoning the air and spreading all kinds of morbid miasmas throughout the atmosphere. Let us then finally resolve to put an end to this procrastination and determine ourselves to settle once and for all our score with the past. For, in our field like in History, only those who master their past will be able to avoid being condemned to repeat it.