

WORLD TRADE ORGANIZATION

WT/MIN(99)/ST/5
1 December 1999

(99-5243)

MINISTERIAL CONFERENCE
Third Session
Seattle, 30 November - 3 December 1999

Original: English

BRAZIL

Statement by H.E. Mr. Luiz Felipe Lampreia Minister of Foreign Relations

Back in 1993 and 1994, after seven years of hard work, those of us involved in the negotiations that led to the creation of the World Trade Organization shared a sense of accomplishment, but many could not avoid having mixed feelings about the results we had obtained.

There was then – as there is now – a sense that the multilateral trading system only benefits developing countries in a very limited way. Six years later, this fact seems invisible to many sectors in developed nations which have rallied around this Conference to call for old and new protectionist mechanisms, most of them essentially directed against the exports of developing economies.

If one listens long enough to their claims, one may come to believe that exports from the developing nations of the world – which encompass less than one third of global exports, mainly comprised of raw-materials – have become a major threat to the social and economic well-being of rich nations. Such distorted views – the giant sucking sounds that no one has ever heard – would be simply pathetic, were it not for the impact they have in the political environment of developed countries, as we can see here in Seattle.

Developing nations stand absurdly accused – by new and old protectionists alike – of taking advantage of the doubtful benefit of being poor. Resorting to manipulative images such as "social dumping", they wish to tilt the multilateral trading system even further, to the point where the interests of developing countries would be thrown overboard.

Those false claims – and the short-sighted perspectives they voice – must be resisted. I trust they will be. For we must move in the very opposite direction; that of completing the work which has turned the WTO into a success story and that of removing the imbalances which still make this organization an incomplete success story for many of us.

Allow me to quote from the man who more than anybody else helped create the WTO, Peter Sutherland: "The dangers of undermining the WTO's credibility, eroding its authority and curtailing its effectiveness are very real. The world has a lot to lose if the WTO cannot function as it should".

Brazil was among the first countries to express its support to a new round of multilateral trade negotiations.

A new round is needed not only to address the unfinished business of the Uruguay Round but to balance a multilateral trading system which is biased towards certain sectors.

A new round is needed to ensure that developing countries are fully integrated into the WTO, sharing in its rights and benefits as well as in its burdens and obligations.

Brazil believes that the major responsibility of the Conference and the core of the mandate it has to issue is to address the most serious distortions that persist in international trade. Especially trade in agriculture. It is no longer acceptable that certain countries – incidentally some of the richest in the world – be allowed to deny reasonable access to their market for farm products at the same time as they request others to open their own markets even further to products in which they can compete with no risks.

It is even more unacceptable, that those same countries should also be allowed to subsidize, with tens of billions of dollars, their own agricultural exports to third markets and unfairly displace exports from others. In agriculture, tariffs applied by most rich countries are four times as high as those applied to manufactured goods by developing countries.

Export subsidies are prohibited for manufactured goods but lavishly allowed in order to enable rich countries to sell their farm products and defeat fair competition at any cost. Also, unlike trade in manufactured goods, no limits are imposed on export credits for agricultural goods, so that competition becomes virtually impossible for those which do not have the generous support of Treasury funds.

The name of this game is discrimination. An intolerable discrimination between certain kinds of goods and others. Between goods in which rich countries are competitive and those in which they are not. Discrimination between countries which have the funds to subsidize and those which have not. Agricultural trade, as it now stands, is the only real special and differential treatment in the WTO, unfortunately benefiting those who do not need it.

Brazil wants the same levels of market access and the same disciplines for the products we export as developed countries have come to expect for their own exports to our market.

Not only must all sectors be subject to the same rules and disciplines: they must also offer equivalent opportunity for redress under the dispute settlement mechanism.

In order to have a system that is effective, equitable and accessible, we must deal with the limitations inserted in some agreements which severely affect the usefulness of the Dispute Settlement Understanding, in anti-dumping, for example.

We need only look at this case to remind us how an instrument originally devised to foster fair trade can be captured by special interests and become nothing less than legalized protectionism. After five years of implementation, some of the Agreements concluded in Marrakesh call for an in-depth review and probable amendments.

Protectionism in developed countries is on the rise. Now and then, peoples genuine concerns and good faith are used as a disguise. Environment and labour standards – which the international community has created specific rules for, and entrusted specialized agencies with – are two of such new issues being brought to the trade agenda in a way that leaves much room for suspicion. We are not convinced of the need to make changes in the WTO Agreements to that effect.

Brazil has undergone profound changes since the end of the Uruguay Round. Over the last six years, our country moved very fast towards deeper integration into the world economy. Two figures are enough to show this: our imports have expanded considerably, from 25 billion dollars in 1993 to 57 billion dollars last year; the annual net inflow of foreign direct investment rose from 700 million dollars in 1993 to 26 billion in 1998, and to more than 30 billion in the last 12 months.

Among the emerging economies, Brazil is one of the major beneficiaries of so-called globalization. But we also suffered the consequences of one of the ills of globalization: the very high

volatility of capital flows and the herd behaviour of financial markets which, according to economic theory, should act in a perfectly rational manner.

Had the international trade environment been less unbalanced, perhaps Brazil may have had better defences against the contagion effects from crises in other regions. After all, part of the scepticism of financial markets during those crises can be attributed to their lack of confidence in our capacity to increase exports in the face of renewed protectionism in some of our major markets.

At no time, however, did we back down on our commitments to the WTO. On the contrary, we pushed forward with trade liberalization, deregulation and privatization because we believe it is in Brazil's own interest.

If free and fair trade is the name of the game – and most of us think it should be – we still have much to do to improve the rules by which we play.

We all know that the world is no level-playing-field, but it is imperative that, at the very least, all players can trust that there are rules which apply to all alike, rules which are not written to protect the strong from their own weaknesses and to prevent the weak from taking advantage of their own strengths.

That is our business here and over the coming years.
