

WORLD TRADE ORGANIZATION

WT/MIN(98)/ST/52

18 May 1998

(98-2035)

MINISTERIAL CONFERENCE
Second Session
Geneva, 18 and 20 May 1998

Original: Spanish

NICARAGUA

Statement Circulated by Mrs. Azucena Castillo, Junior Minister of the Economy and Development

On 30 October 1947, 23 forward-looking nations signed, at the Palais des Nations, the General Agreement on Tariffs and Trade which entered into effect on 1 January 1948, thus inaugurating the multilateral trade system.

At the outset, the General Agreement was of a provisional nature. We were not successful in establishing the International Trade Organization (ITO) which, in the post-war efforts, would have become the third Bretton Woods Institution.

At the time, the desire was to give humanity a predictable economic system which would avoid a fresh outbreak of war and would complement the collective security system implemented by the United Nations.

The ITO did not get off the ground because unilateralism - the ally of protectionism - did not give way to multilateralism. However, looking back at the ground that we have covered over these past fifty years, we can see that history has justified multilateralism and free trade.

Nicaragua has had the honour of participating in this multilateral system since the second round of negotiations held in Annecy, France, in April 1948, first as a contracting party of the General Agreement and then as a founding member of the World Trade Organization. We have always demonstrated our complete confidence in the system and have committed ourselves to respecting the agreements reached and to free trade - a liberal vocation which has distinguished Nicaragua - which we are now ratifying with the total fulfilment of our obligations to the Organization and through the signing of bilateral free trade treaties.

It is highly important that in the 1960s, the system recognized the need to allow developing countries to share the benefits of trade growth. "If it does not create well-being, this system is of no use to humanity" it was said at the time. Developed countries were then asked to give priority to the removal of trade barriers to products from developing countries.

The negotiation process began with the Tokyo Round in the 1970s outside of the narrow framework of tariffs. The process of removing non-tariff barriers took a great leap forward. However, protectionism in textiles was institutionalized with the adoption of the Multifibre Arrangement in 1974.

In Marrakesh, we managed to conclude one of the most important and ambitious rounds of negotiations, the Uruguay Round, which, *inter alia*, brought about the creation of the World Trade Organization.

We were already talking about globalization with a parallel trend towards regional integration and widespread efforts at liberalization.

In Singapore, we paused to evaluate the WTO for the first time and re-launch the work programme. We have made great strides over these fifty years. Today there are fewer barriers to trade, fewer tariffs, fewer quotas and fewer non-tariff barriers.

We have a code of rules and regulations which define the rules of the game for all aspects of trade and at every stage of the operations of buying and selling of goods and services, investment and trade-related aspects of intellectual property rights.

Small countries like Nicaragua today have a dispute settlement system which makes it possible to prevent the imposition of arbitrary unilateral measures.

We certainly have reason to celebrate these achievements which have given birth to new opportunities and which give countries like Nicaragua hope and optimism in the difficult task of eradicating poverty.

Nicaragua firmly believes in this system and therefore would like to take this opportunity to suggest how it can be strengthened.

As many of our colleagues have said, we are living in a world where frontiers are being erased, where information technology is creating a new dimension to distance. In a matter of seconds we can access or send large volumes of information, or visit a company or client who is 8,000 or 12,000 kilometres away.

Our companies are speaking of global competitiveness and are getting ready to take advantage of these new opportunities and challenges. These companies need to rely on clear rules of the game and, above all, to be able to compete on an equal footing.

We must continue to dismantle subsidy policies, especially as regards agricultural products and the textile industry.

We must boldly advance in dismantling systems of quotas or quantitative restrictions.

We very much hope that in the forthcoming agricultural negotiations major progress will be made in that direction.

The developed world spends more than US\$250 million on agricultural subsidies. This discriminatory measure constitutes the most serious barrier to trade liberalization, undermining equity and global development.

In Nicaragua we have opted for a model of sustainable development which includes a prominent role of the private sector, together with a clear commitment to strengthen the social market economy and respect for the environment.

Man in harmony with nature is the focus of Nicaragua's development strategy.

Nicaragua is signatory to and respectful of the seven basic conventions of the International Labour Organization, and we are trying, to the best of our ability, to set an example in the area of working conditions.

However, we notice that the temptation is strong for developed countries to replace one type of protectionism with another.

The comparative advantages of the developing world must not, and cannot, in any way, justify the imposition, by trading powers, of conditions of any sort with the aim of blocking access to markets.

Protectionism now has a new name: conditionality. We will be firm in resisting all the consequences of market restrictions disguised as social or environmental clauses.

We are confident - and we will work towards ensuring - that what we have built over the last fifty years, which we are celebrating today, will serve as a basis for promoting trade growth. And this growth will enable developing countries to improve the standard of living of their populations, founded on social equity and transparency in global relations.

The welfare of the human race is the focus and *raison d'être* of this multilateral trading system.

Thank you very much, and God bless you.
