

Uruguay in the Global Economy
Words from Dr. Tabaré Ramón Vázquez Rosas,
President of Uruguay

Good morning to all of you. It is an enormous pleasure to be here this morning with such a distinguished audience. Welcome to all those who are visiting us in Montevideo. In the name of the Uruguayan people, of the government of this country and my own, I extend the most cordial welcome possible and the desire that your stay in this small, but fraternal, country be a happy one.

- Mrs. Susan Segal, President and Executive Director of the Americas Society and the Council of the Americas.
- Mr. Horacio Vilaró, President of the Uruguayan-United States Chamber of Commerce
- Mr. Ex President of the Republic of Uruguay, my dear friend Dr. Lacalle
- Mr. and Mrs. Governmental Ministers
- Mr. President of the Frente Amplio, Ignacio Brovetto
- Mr. President of the Directory of the Partido Nacional, Dr. Larrañaga
- National Representative and Authorities, governmental and diplomatic
- Mr. Everett Eissenstat, Adjunct Commercial Representative of the United States for Latin America
- Ladies and Gentlemen
- Dear friends

Congratulations to the Americas Society and the Council of the Americas for holding this series of Latin American conferences and for including, in association with the Uruguay-United States Chamber of Commerce, our country as a host for this series. I know that the conferences already held in Peru, Chile, Colombia, and Brazil have been successful. I trust that this one will be too, as well as the upcoming ones in Argentina and Mexico, respectively.

We recognize, then, the institutions involved in this initiative for Latin America, from Latin America and with Latin America. I thank you greatly for inviting me to

participate in the opening of today's proceeding since its topic deals with "Uruguay in the global economy."

We will try to be brief for three reasons. First, because dealing with the first address, the introduction must not be overwhelming or terminal. No offense please, but "terminal" is a professional usage, and by "terminal" I mean other words. Second, the list of presenters in this meeting is just as long as important and we want to listen to all the presenters. Third, because being brief does not equate to being insignificant. It is possible to say many things in a short time, or at least try to leave a few clearly stated. This is what I will attempt to accomplish.

Dear friends, for us, and we raise this issue modestly, globalization has some indelible traits. In the first place, this globalization is not an unknown process. In humanity's ascent various precursors do surface. To cite one example, during these days we have the 514th anniversary of the beginning of Christopher Columbus' trip to the East Indies, when, on the 12th of October 1492, he came across a part of the world unknown until that time. In the second place, we think that this globalization process is somewhat irreversible. The scientific and technological advances, that form the base of globalization, do not go backwards, just as the wheel, the law of gravity, the steam engine, electricity and penicillin never went backwards. In the third place, this process is ambivalent, full of promises and possibilities, but also full of risks and sinister paradoxes. A process of change where our hopes can be transformed into fears, just as the German philosopher and sociologist Ralf Dahrendorf has expressed. Fourth, globalization is a many-sided process as it encompasses a multitude of economic, political, social, cultural and civil aspects, et cetera.

Now then, if we look at the economic dimension, this globalization process presents certain brightly defined traits. The first one: globalization has an unprecedented extension of the financial and capital markets. Second: a growing importance of the international market. Third: a growth of the production of goods and services by and through transnational companies. Fourth: a direct and vigorous relationship between productivity and competitiveness, and the capacity to generate knowledge, process information, advance science and technology, innovate, empower the culture of the people and of the companies, et cetera.

The conjunction of these economic traits of the process of globalization and, at the same time, the interaction among distinct dimensions of said process provides opportunities and uncertainties about which we human beings can adopt two attitudes. One of them is resignation. We resign ourselves to accept the process as it comes. We resign ourselves to fight against the reality but at the same time we refuse to improve that reality. We resign ourselves, at the last instance, to transform ourselves into witness or victims of History. The other attitude is to accept the reality, to participate in it, to try and govern it, transform it with our feet in this reality and with our sights on the horizon of peace, liberty, democracy, and equality. A horizon to which it is necessary to advance, we believe, step by step and of course, with everyone. This is the attitude of the government over which I preside.

Dear friends, to put into action the possibilities of Uruguay in the global economy implies asking ourselves what does this nation do to produce more and better, to be more competitive in such a large, dynamic and demanding international market, to grow economically and socially, to develop, ultimately, as a nation.

We believe that magic formulas do not exist, or infallible prescriptions, or obvious truths to respond to this questions. Indeed, from our modest point of view, two different coordinates exist that are the following: A) A project of a country, a strategy of a country, a dream of a country. The commercial policies of Uruguay cannot be divorced from a strategy for productive development with social justice. To produce more and better, to compete internationally, there has to be macro-economic stability and clear rules of the game for investment. There has to be infrastructure and adequate services. It is necessary to create jobs, but good quality jobs. It is necessary to invest in public health, in education, in science and technology. There has to be an efficient State that makes the market and development part of its business and concerns, but also a dynamic, innovative and committed private sector in the project of a country. B) Principles, of course, that must govern our action and pragmatism. Principles and pragmatism. Commercial relations are not a free-for-all, but neither can they be ideological. Whoever approaches commercial relations among countries with a pure Mercantilist attitude, with arrogance or a mendicant or beggar way, or believes that business to be good must be turbulent, makes a mistake. Or in a similar manner, those who believe, in the name of

principles, that commerce is an ideological affair, also err. Those people are mistaken or are unfamiliar with the world where they live.

These coordinates, that I have just mentioned, constitute a field where the dynamic regional integration, the international insertion, the intra-block commerce and our commerce beyond the Mercosur¹ are located. I cannot and I do not want to omit here at this moment and time a reference to this topic that surely captures the attention of many, if not every present here today. Dear friends, surely there are many, I dare say, but none more committed than us Uruguayan here to the regional and South American economic integration. This is not rhetoric or exaggerated patriotism. For Uruguay and for her government, the regional integration is a mission and a mandate that we consciously put into action. It is enough to keep in mind beyond the lights and the shadows, Uruguay has had a decisive participation in ALAC², in ALADI³, in CELA⁴, in Mercosur, in CEPAL⁵, and beyond our Latin America area, in global arenas such as GATT⁶ and the WTO⁷, to cite some of the most direct links to the economic and commercial aspects of our country.

We do not pretend to give lessons about integration, but while acknowledging that we have a lot to learn, we do not need tutors about this subject either. In addition, we are completely aware of the benefits of multilateralism in the international insertion of a country like our own and we station ourselves with multilateralism with conviction and determination.

But, in spite of this conviction, certain results are apparent and they are unsatisfactory and worrisome. This is not a complaint or a reproach, but without a doubt the reality in which we live. The suspension of negotiations of the Doha round of talks of the World Trade Organization or the difficulties of the Mercosur to give adequate

¹ Common Market of Argentina, Brazil, Paraguay, Uruguay, and Venezuela.

² At-Large Advisory Committee of ICAAN, Internet Corporation for Assigned Names and Numbers.

³ Asociación Latinoamericana de Integración – Latin American Association for Integration.

⁴ Center for Enterprise in Latin America.

⁵ Comisión Económica para América Latina y el Caribe – UN Economic Commission for Latin America and the Caribbean.

⁶ General Agreement on Trade and Tariffs.

⁷ World Trade Organization.

treatment to the existing asymmetries among the member states are not inventions, or calamities, or the product of diabolical conspiracies. They are facts of a reality that point to the distance that separates us from the goal of a deeper integration, free of artificial barriers such as subsidies, export credits, et cetera. Neither is it an invention that the integration still presents deficiencies in key matters for competitiveness, such as infrastructure, services, technological innovation, facilitating commerce, et cetera. As CEPAL has clearly said “the integration schemes are not being constructed on a learning platform to export to tertiary markets, or through serious and effective negotiations with large partners, such as the stated the predicament of integration in order to reinforce the negotiating power with the industrialized economies.” Reality is not a simple question of tastes and desires. Reality, dear friends, is reality, period.

Before this reality, dear Uruguayans, this beloved country cannot remain passive. It is our country that is in play, and all of us Uruguayans are responsible for it. We are going to persevere with conviction, not out of obligation, in the efforts to revert to the existing deficiencies and difficulties found in the Mercosur. But at the same time with this task, that is not facile and neither does it guarantee good results, or assures that in case of achieving these results be immediate, we will continue to work to consolidate, amplify and deepen Uruguay’s access to other markets with her goods. Our integration into the region to which we belong, to the region that we are, is not contradictory in any way with our integration into today’s global economy and world. For us, the plurality of schemes of cooperation and integration in the region is decisive and it means, in an international stage where the national actors are consistently smaller, a factor of stability to avoid the dangerous temptation to act alone in a world of giants.

Not keeping this reality in mind, or being aware of it but not operating with it would be an act of enormous irresponsibility and of irreparable consequences. On this matter there is not any mystery, or can there be, or should there be, any surprises. What mystery and what surprises can there be if in our Latin America today coexists with the Mercosur, The Andean Community⁸, the Central American Community⁹, the Community

⁸ Common Market area of Bolivia, Colombia, Ecuador and Peru.

⁹ Common Market area of Belize, Costa Rica, El Salvador, Honduras, Guatemala, Nicaragua, and Panama.

of the Caribbean¹⁰, some 44, I reiterate, at least 44 documented commercial accords, intra and inter-block of various types? Perhaps Uruguay does not have a Free Trade Treaty with Mexico? Perhaps we are not working to optimize the access of our products to the European Union, China, India, different Arab countries, Israel, and the United States? Neither should there be any abdication of principles or should there be ideological commotions. What abdication of principles happened with the Free Trade Treaty between Mexico and Uruguay, or in the treaty of 1994 signed by Mexico, Venezuela and Colombia? What ideological schism happened because of the Free Trade Agreement between Vietnam and the United States, or what is happening because of the recent Agreement of the Promotion and the Reciprocal Protection of Investment between CARICOM and Cuba?

Last May 4th I met with the President of the United States of America. During that meeting we resolved to create a bilateral working group to explore, I reiterate, to explore the possibilities and the mechanisms that may allow to increase and deepen the commercial interchange between our two countries. Said group is already working and its conclusions will be considered by the Bilateral Commission of Commerce Uruguay-United States, created in the year 2002, and whose next meeting is scheduled for October of this year, here in Montevideo.

Here are the facts, as our friends in the Press usually say. But beyond these facts, it is obvious that on the matter of bilateral commerce with the United States, Uruguay does not start from scratch. This fact, that for the time being the United States may be the main destination of our exports, also accounts for and points to a traveled road but also points to a road to travel.

Now then, please allow me to share with you briefly some questions and answers. First: Are we ready to travel that road? Yes, we are ready for it. We have to improve our commercial relationship with the United States. In second place, How? As we have already said, with principles and pragmatism, with a project of a country that denotes homeostasis, forgive the medical term, between our right for development as a nation, our

¹⁰ CARICOM: The Caribbean Community of Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago.

commitment with the regional integration and our need to access, our insertion into the present and future global commercial space. Principles and pragmatism are not different agendas and neither are the contradictory. They are complimentary chapters of the same agenda, the one called Agenda Uruguay. In third place, How far? As far as possible through these established coordinates. That possibility is related with the attitude, the capacity and the content of the negotiations among all parties. Fourth, Why? Because we drive forward a project of a country integrated with herself, but also integrated in the region as well as integrated in the world. Because the commercial treaties do not come with a guarantee of success, or are they plans to construct the perfect happiness, but rather they are instruments that help to reach the objectives that rationally and preeminently has a country like ours in the global economy. Commercial treaties, whatever their modality and name, are not a short cut to Paradise, or a road to Hell. They are a resource, a tool, and a instrument to access the demanding, dynamic and great markets of the world.

Allow me to say it clearly and in first person. I do not have a vocation by initials or ideology and I believe that no one has one, not even the champions and the specialist in the TLC¹¹, ACR¹², ACP¹³, ATA¹⁴ and the other initials that refer to the different modalities of commercial treaties. But I am not ready to close doors, to discard a priori, to exploring roads that in the context of the agenda of a country that leads all Uruguayan men and women, members of the Frente Amplia, Blancos, Colorados, Independents, Civilists and those without political definition or party, that all have the possibility to exercise clearly the inalienable and unavoidable right to construct their own lives based on their own work. Such is the commitment that I undertook upon accepting the task that the citizenry entrusted to me as the President of the Eastern Republic of Uruguay and as President of all Uruguayans. This task is not resolved by one single political force, this task is resolved by all of us Uruguayans. Because finally, life is, to cite the words of Albert Camus, liberty for each one and liberty for all.

¹¹ Tratado de Libre Comercio - Free Trade Agreement.

¹² Acuerdo Comercial Regional – Regional Trade Agreement.

¹³ África, Caribe y Pacífico – Africa, Caribbean and Pacific Producers.

¹⁴ Admisión Temporal de Aduana – Temporary Tariff Admissions.

Constructing reality is a delicate and obstinate enterprise, but it is also a beautiful enterprise that concerns all of us in every place and moments of life. We are all part of everything and this conference is one of those places and one of those moments. If today is productive and from here ideas and proposals come forth, this conference, far from passing into history as another one of those many innocuous seminars that happen daily in the world, will help construct the reality that the Uruguayan society wants, needs and deserves. Because, let us remember that History does not go backwards, History does not stop, but neither does History repeat itself. At times the train passes only once and never again. Thank you.