

CONTRACTING PARTIES AT PUNTA DEL ESTE THIS PAST SEPTEMBER WHICH LAUNCHED THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS: A ROUND TO ESTABLISH THE MULTILATERAL RULES OF THE ROAD FOR TRADE INTO THE 21ST CENTURY. WHILE CLEARLY NO ONE AT THIS STAGE CAN ANSWER WITH ANY DEGREE OF ASSURANCE THE QUESTION "WHAT ARE THE LIKELY PROSPECTS FOR THE ROUND?", AN ASSESSMENT OF THE PROCESS AND OUTCOME OF PUNTA AT LEAST REVEALS THE KEY DIMENSIONS OF THE QUESTION AND SHOULD PROVIDE SOME GUIDANCE TO APPROPRIATE POLICY.

IT IS IMPORTANT TO UNDERSTAND THAT THE ECONOMIC AND POLITICAL MISE EN SCENE FOR THE PUNTA MEETING COULD NOT HAVE BEEN LESS PROPITIOUS. THE MULTILATERAL TRADING SYSTEM HAS BEEN STEADILY ERODED BY THE NEW PROTECTIONISM OF THE 1970'S. I.E. FORMS OF DOMESTIC OR BORDER NON-TARIFF MEASURES SPAWNED BY A CONTINUING RESISTANCE TO ADAPT TO STRUCTURAL CHANGE. BUT DURING THE 1980'S THE NEW PROTECTIONISM WAS FED AS WELL BY A MORE VIRULENT VIRUS -- THE PRESSURES EMANATING FROM THE GROSS AND GROWING IMBALANCES IN THE WORLD ECONOMY.

SUCH IMBALANCES CAN BE ILLUSTRATED IN A VARIETY OF WAYS BUT THEIR KEY INTERNATIONAL MANIFESTATION IS BEST CAPTURED BY THE PRESENT AND PROSPECTIVE PATTERN OF CURRENT ACCOUNT POSITIONS ALTHOUGH THIS PATTERN IS ITSELF THE