

WORLD TRADE ORGANIZATION

WT/MIN(98)/ST/35

18 May 1998

(98-2005)

**MINISTERIAL CONFERENCE
Second Session
Geneva, 18 and 20 May 1998**

Original: Spanish

CHILE

Statement Circulated by Mr. José Miguel Insulza,
Minister for Foreign Affairs

1. First of all, I should like to express the sincere gratitude of the Government of Chile to the WTO Secretariat for the hard work carried out to prepare this Conference and to the Swiss authorities for their collaboration. We know it has not been an easy task. Over the 17 months that have gone by since we last met in Singapore, the Organization's Membership has grown and now counts over 130 countries with 35 observer governments. This level of participation appeared unobtainable 50 years ago when 23 countries concluded the General Agreement on Tariffs and Trade. Chile is proud of having been one of the original signatories to the Agreement and of having participated actively during the half-century of existence of GATT and its successor, the WTO. As the Director-General, Mr. Renato Ruggiero, recently emphasized, the development of the multilateral trading system makes it possible to envisage the creation of a truly universal system that unites all the economies of the world under mutually agreed and legally enforceable rules and disciplines. In order to move towards this objective, we believe that the accession of new members should continue to be a priority for the Organization.

2. In addition, growing globalization makes the WTO the natural forum for the holding of multilateral talks on matters of common interest, over and above regional groupings or those with more limited membership. In this respect, the WTO is the proper arena for pursuing the discussions on reaching a Multilateral Agreement on Investment, the negotiation of which was recently postponed in the OECD. This would allow countries that are net exporters and net importers of capital to participate in hammering out an instrument that would afford security and respect the economic sovereignty of countries.

3. The gradual consolidation of the WTO's dispute settlement mechanism has been equally important. No regulatory framework can be effective unless there is certainty that its rules will be observed and, if they are not, that non-compliance will lead to consequences that might extend as far as retaliation. Relatively small countries such as Chile rely on this as the most effective tool to allow them to compete fairly and effectively in the growing and complex global market.

4. In addition to its negotiating and dispute settlement bodies, we believe that the WTO provides the right environment for discussing the general outline and criteria that could lead to new negotiations on trade issues. In this respect, it is important not to change the character of working groups by automatically turning them into negotiating forums, because this could exclude countries with relatively less negotiating power from the discussions.

5. We value the trade policy review mechanism as a way of strengthening the transparency of Members' trade policies and providing information on the actual trends in such policies, irrespective of their compliance with the WTO's disciplines. Chile's policy was reviewed for the second time last year and this exercise allowed us to systematize information on all our WTO-related trade policy.

6. Despite all the progress made in the multilateral trading system, it has to be recognized that there remain deficiencies or lacunae which restrict trade in goods and services. One recurring practice is the use of non-tariff barriers to trade. These take the form of environmental measures, technical, sanitary and phytosanitary barriers, which may intrinsically be legitimate and necessary, but their use for protectionist purposes seriously impairs the advantages derived from the Agreements. In this connection, Chile notes with concern that countervailing duties and anti-dumping measures, instituted as mechanisms to parry unfair competition, have repeatedly been used as protectionist barriers to legitimate trade. We are also concerned by the growing use of safeguard measures, which do not always meet the requirements laid down for their adoption.

7. Chile supports the primacy of the rules of the multilateral trading system and recognizes the merits and protection which such a system gives to smaller Members such as Chile in terms of legal security. Chile nevertheless believes that this primacy is fully compatible with other bilateral or regional agreements to which Chile has recently become a party, including the association agreement with MERCOSUR and, more recently, the agreements with Canada, Mexico and Peru. The agreements with Canada and Mexico in particular do not cover tariff liberalization alone but also extend to other areas essential for free trade such as investment, services, ensuring that technical barriers do not constitute obstacles to trade, and the regulation of trade protection mechanisms. Chile believes that the mutual exemption from anti-dumping duties agreed with Canada marks an important step forward in this new stage of trade liberalization. It therefore hopes that these disciplines can be expanded and amplified in the Free Trade Agreement of the Americas, formal negotiations for which were recently launched in Santiago, Chile. In Marrakesh we undertook to initiate negotiations for liberalizing trade in agricultural products and in services. The forthcoming negotiations on agriculture are of particular importance to Chile and they should lead to a more equitable and transparent framework to foster trade liberalization in this sector. Chile hopes that these negotiations will conclude with a transparent agricultural agreement that is fully integrated with the dispute settlement mechanism and that there will be real dismantling of agricultural subsidies, which at present are mainly used by developed countries, thereby causing serious distortions in relative prices and directly injuring the exports of developing and least-developed countries.

8. I should like to state that Chile is sure that the agreements which govern global trade today can be improved, with the contributions of all. We believe that it is necessary to initiate a new round of negotiations to extend trade liberalization as soon as possible, including tariff reductions for all industrial and agricultural products and the improvement of existing rules, without reopening negotiations on agreements already reached. We envisage a new global round in which the interests of all its Members, both developed and developing, will be represented in a balanced fashion.
