

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PHILIPPINES: STATEMENT BY MR. RAUL A. BONCAN,
DEPUTY MINISTER OF TRADE AND INDUSTRY,
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

Most of us have travelled far to participate in this historic session of the CONTRACTING PARTIES at ministerial level.

I bring to H.E. Minister Enrique Iglesias a message of goodwill from the Government of the Republic of the Philippines for the successful conclusion of this very important meeting. We will work in concert with other contracting parties to bring about a more liberal, predictable and equitable trading system. A system that will be progressively capable of adjusting to agreed requirements, always cognizant of the particular needs and situations of the less-developed contracting parties. We are confident that under Minister Iglesias' wise and experienced leadership, this meeting will launch the Uruguay Round of multilateral trade negotiations.

I join the previous speakers in thanking H.E. President Sanguinetti for his incisive and highly illuminating keynote address. He has set the tone and direction of this much awaited meeting.

Also, I take this opportunity to thank the people and the Government of the Oriental Republic of Uruguay for the warm welcome and hospitality accorded to us in hosting this session of the CONTRACTING PARTIES.

The Philippines supports the convening of the New Round of multilateral trade negotiations. We are convinced that participation therein can enhance our export prospects, contribute to our national efforts to stimulate economic recovery, sustain growth and development, and thereby raise the standards and quality of life of our people. It can also protect ourselves within the framework of improved rules and disciplines from arbitrary actions of the powerful trading countries.

The interest of the Philippines in the New Round can be summed up in a few words, namely, further trade liberalization, trade expansion, improved market access and effective multilateral trade rules and disciplines. These commonly shared objectives must be backed by credible and firm commitments on standstill and rollback.

Special and differential treatment of the less-developed contracting parties is an essential requirement of the New Round. These provisions are already part and parcel of the trading system. What requires to be done

during the negotiations is to implement them fully and meaningfully. The fact that the Philippines has supported the New Round is enough manifestation of our desire to make contributions not inconsistent with our trade, financial and development needs. At this stage in the political and economic realities in the Philippines, we have, even before the commencement of negotiations, made substantial unilateral sacrifices, such as tariff reductions and simplification in import procedures. These steps have been taken despite our current economic and financial difficulties.

The GATT has been confronted as early as the 1960's with the question of effective action on tropical products. The Philippines believes that this Round provides yet another opportunity to take decisive action aimed at full liberalization in this sector. A special negotiating group should thus be established to facilitate early conclusion of negotiations. The immediate implementation of the results of negotiations in this special and priority sector is of particular significance to the Philippines. It would inspire confidence in the whole negotiating process and enhance our ability to meet our heavy international financial commitments and at the same time finance our development imports.

Other areas where we see our export prospects hampered or threatened are in textiles and natural resource products. Within the framework of the current arrangement governing textiles trade, it behooves those restricting trade to at least observe the requirements and prescriptions of that instrument.

Unsatisfactory access in the textiles sector could only limit our import capacity and thus our ability to make contributions to these negotiations. Pending a resolution of agreed modalities to integrate the textiles sector into the GATT, it is only politically just that those who frequently advocate the benefits of an open and non-discriminatory trading system accord the developing countries substantial access to their textiles markets.

Philippine concerns with the current world trade régime on agriculture are best expressed by the problems my country has encountered and continues to encounter in exporting sugar.

Until recently, sugar was a leading export of the Philippines and a major pillar of the economy. Today, the regions in my country that produce sugar face the problem of mass unemployment, misery and starvation. Many communities in depressed areas are reduced to one meal a day.

For some years now it has not been worthwhile to produce sugar for export, except to a major industrial country whose import market for sugar is projected to disappear in two or three years time.

The world price of sugar is so depressed that it is below the cost of production of even the traditionally efficient producing countries. The depressed world price is due to those trading countries who continue producing sugar for self-sufficiency at high support prices. In the case of one grouping of countries, the high level of price support has encouraged surplus production which is dumped in the world market through export subsidies. This seems to be done without due consideration of the devastating effects of such policies on developing producing countries.

These major industrial countries even close their markets or severely restrict access. To us, this means no access to one market, occasional access to another, and an assured but shrinking access to the other industrial country. In the case of this country, the high level of price support has made sugar-substitutes competitive and has reduced its sugar imports.

It is not only sugar itself which is being restricted. Products with sugar content are also restricted. One major trading country protects chewing gum which contains sugar through high tariffs. Domestic producers are thus required to buy high cost domestic sugar.

In another major trading country, a new regulation requires that products with 10 per cent or more sugar content is allowed entry only within quota. In implementing this regulation, no allowance is made for liberal entry of such products even when the sugar content is in such a form that it cannot be readily extracted or reconverted into sugar.

The problems in exporting sugar are typical of those my country and other developing or small countries encounter in exporting other agricultural products.

The Philippines believes that it is time to integrate trade in agriculture within the mainstream of improved and effectively enforceable rules and disciplines.

The Filipino people have recently liberated themselves peacefully from a long political nightmare in their national political history. The restoration of their political rights and their capacity to chart their own destiny are dependent on sustained economic growth and development.

My Government is determined to achieve these objectives as soon as possible within the constraints of available resources. Interdependent as we are with the rest of the world, the Philippines as a small trading nation is deeply concerned with unabated protectionist measures and the prospects of closed markets. These prospects can but only reverse what we in the Philippines have embarked to achieve for our citizenry. We therefore have a stake in seeing to it that these are avoided through new negotiations.

At this juncture in its history, the Philippines has a special interest in the shared objectives of halting and reversing protectionism, keeping markets opened and international commerce flowing. This is our national agenda on trade relations with our trading partners.