

GENERAL AGREEMENT ON TARIFFS AND TRADE

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CHILE: STATEMENT BY MR. HERNAN BUCHI, MINISTER OF FINANCE,
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL
LEVEL, 15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

First, I wish to congratulate you, and express the satisfaction of the Chilean delegation, on your election as Chairman of this meeting of the CONTRACTING PARTIES.

I also wish - and not merely as a matter of protocol - to thank the host Government for having taken on the responsibility of providing the site for this meeting, and to congratulate it on the magnificent organization. Nor could I fail to express my gratitude and that of my delegation for the cordial hospitality shown by the people of Uruguay.

This Ministerial meeting is a peremptory challenge. We have come to it to launch a New Round of multilateral trade negotiations, and we dare not fail.

The decision we are to adopt must contain a political message of the governments to halt protectionism and achieve the liberalization of trade. What is more, it is essential to ensure that this effort will be one of international co-operation and not of sterile confrontation.

The multilateral trading system has served us well in the past. It would be demagogic not to recognize the benefits that have been derived from a system which during four decades has promoted liberalization and non-discrimination. At the same time, it must be admitted that today the system is showing considerable gaps and limitations that work against its principles and objectives.

We therefore consider it necessary to preserve and consolidate its achievements and to intensify liberalization, especially in the lagging sectors of this process, such as agriculture and textiles, and to shorten the range of tariffs, particularly on natural-resource products.

We must also strengthen and clarify existing disciplines, and ensure that all sectors of production and all trade-policy instruments and measures are subject to effective GATT principles.

Lastly, we must treat trade relations as an integral and harmonious part of other government policies and multilateral commitments, such as in the monetary and financial spheres. One sphere should strengthen the other

and vice versa. In this respect, we are supporters of closer co-operation between GATT and other international economic institutions, particularly the IMF and the World Bank.

Similarly, special attention must be given to the urgent and current market-access needs of heavily indebted developing countries, and in these negotiations prompt and effective results must be achieved which, without impairing most-favoured-nation treatment, facilitate the access of their exports to markets. In addition, in view of the sharp deterioration in terms of trade, efforts should be continued to improve the competitiveness of the prices of our export products, while preserving the guiding rôle of the market.

The rules governing trade between developed and developing countries are firmly established in the GATT system. It is no exaggeration to say that special and differential treatment for most developing countries would not be necessary if the industrialized contracting parties permitted: the rules of the General Agreement to be applicable to textiles and clothing; agricultural prices and production levels to come closer to the market and to efficacious multilateral disciplines by the liberalization of agriculture; residual quantitative restrictions and other existing exceptions to be eliminated; and the grey zone to become a white zone.

In other words, it emerges that special and differential treatment is the counterpart of the gradual departure of the developed countries from the disciplines of the GATT. Would it then be unfair to ask these countries to adhere more fully to the General Agreement?

In 1982, the CONTRACTING PARTIES meeting at ministerial level adopted an important Declaration and work programme. It is possible that, because of the Standstill Agreement then adopted, governments have successfully resisted some protectionist pressures. Nevertheless, since 1982 many protectionist measures have been applied in disregard, and in violation, of the General Agreement, indicating a dangerous breach of credibility between the Declaration of the governments and their political will.

The work of the Group of Senior Officials and subsequently the work of the Preparatory Committee were necessary but not very satisfactory since we find that important questions have still not been resolved. Prominent among them is agriculture, which is of maximum priority for Chile and for many other countries. This is attested by important pronouncements, such as those of the Latin American and Caribbean countries meeting in SELA last May, and more recently the Declaration adopted at Cairns, Australia, by ministers and high authorities of contracting parties. We are discouraged to find that we have come to Punta del Este with a weak text in agriculture, since the standstill commitment is in fact not fully applicable to this sector, introducing a considerable imbalance which threatens to perpetuate an inequitable situation.

The large group of countries that question this timid text cannot hope indefinitely to hold on to the market they have won largely through the efforts of efficient producers who were guided by signals from the market. This situation compels us to reiterate that the New Round would not have much justification if it is not aimed at a priority and equitable solution of the serious problems existing in international trade in agriculture.

As regards non-traditional subjects, the absence of consensus in the preparatory work compels me to be brief. Although these are not priority questions for Chile in the short term, in view of their importance there is no avoiding the establishment of multilateral rules and disciplines that would tend to liberalize services and prevent forms of discrimination in trade in services, would facilitate the flow of foreign investment and appropriately protect intellectual property.

If we can regain credibility for the multilateral trading system, we consider GATT the appropriate forum for initiating this task, particularly as regards services. In addition, any negotiations in these areas must take into account that it is necessary to intensify studies and preparatory work in order to provide a solid foundation for multilateral action.

In the Tokyo Round, my country contributed by binding all its customs duties. Since then, the duties actually applied have been uniform and rather lower than the level of bindings. Moreover, we have accepted three codes, among other measures, which have contributed to a significant liberalization of our external sector. This and other macro-economic policies have made possible a structural change in our economy whose results would have been excellent but for the enormous deterioration in the prices of our exports and the international financial crisis, which have demanded new efforts. Nevertheless, thanks to the perseverance and work of a whole people, we have achieved important progress. Our exports have tripled since 1974. Shipments of copper have increased substantially, although they today account for less than 50 per cent of our export earnings as compared with 80 per cent in 1974. The lower dependency on earnings from copper has been made possible by the spectacular growth and diversification of non-traditional exports. Imports have also grown substantially although adjustment to the financial crisis has significantly reduced them since 1982, without any application by the Government of quantitative restrictions or equivalent measures.

By more broadly allocating resources to the market, Chile has brought about a profound transformation in its production structure, which is now characterized by the dynamism and growing contribution to output of agricultural, forestry and fishery products and the products of certain industrial sectors. In spite of the enormous burden of our foreign debt and of the innumerable problems we have faced, including major natural disasters, our policy of opening to the external sector has been maintained and improved.

However, these intentions may be frustrated if our trading partners apply new, and do not reduce or eliminate existing, restrictions. All contracting parties, developed and developing alike, must contribute to liberalization. However, because of the scope and weight of their participation in international trade, some countries have a greater responsibility. It is therefore legitimate for us now to call for leadership by the great trading powers, such as the United States, the European Economic Community and Japan, along with consistent trade and monetary policies. Only in this way will these negotiations be able to overcome immobilism and lead to effective liberalization and the definition of a fairer and more dynamic multilateral trading system with mutual benefits for our peoples.