

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

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ARGENTINA

Statement by H.E. Mr. Juan Carlos Sanchez Arnau
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I would like to share with you some thoughts on the phase we have now entered following the conclusion of the Uruguay Round and on other topics related to the functioning of GATT disciplines.

Firstly, Argentina must reiterate that the conclusion of the Round provides an excellent starting point for reviewing and may be jettisoning, practices which contravene the multilateral trade disciplines born of the General Agreement. Unfortunately, in recent years, these practices have been the focal point of the international trade negotiations.

For seven years, the failure to conclude the Round was, used either as a reason or an excuse for threatening a trade war, strengthening recessionary trends, increasing export subsidies or the exaggerated and often arbitrary implementation of measures to defend competition up to the point where defending competition in this way ultimately resulted in protectionism rather than genuinely defending competition.

Despite the conclusion of the Uruguay Round, these and other newer threats still exist below the surface. Sir Leon Brittan recently said quite clearly that the new topics such as trade and the environment or workers' rights must not be used as a pretext for negotiating or applying protectionist rules. This seems sensible to us.

Secondly, we believe that the results achieved in terms of setting down rules and market access for the agricultural sector not only fall short of what most of the international community was hoping for but also omit what could have been positive aspects for the very countries which frustrated any attempt at better results, and now everyone's interests have been affected, their own consumers for a start.

Thirdly, in our opinion, the new mechanisms for settling disputes and protecting competition agreed during the Uruguay Round contribute considerably towards strengthening the multilateral system. The future credibility of this system will depend on whether the agreements and decisions reached in this area are respected.

In 1993, Argentina continued to move ahead with the process of trade liberalization and monetary and fiscal discipline which were described during the review of its policies in the framework of GATT's Trade Policy Review Mechanism (TPRM). We are still making progress in trade liberalization on a regional basis by developing MERCOSUR.

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However, by contrast, Argentina has suffered from measures and practices which are incompatible with both the rules and the spirit of the General Agreement, and which will be rectified to a great extent by the aforementioned Uruguay Round Agreements.

One example is the regulation governing the organization of the market in fruit and vegetables in the European Union, which was used as the basis for implementing a number of measures, which, in our opinion, do not comply with the GATT rules. These measures unnecessarily disrupted our exports of temperate foodstuffs such as citrus and other fruits and vegetables. For that reason Argentina joined with other countries in challenging the regulation through the dispute settlement system.

A similar situation has arisen with regard to the new legal provisions on local content in the United States' tobacco industry.

At the same time, without ever being challenged in the dispute-settlement system, operations bearing all the hallmarks of trade diversion were repeatedly carried out and expanded as the growth of subsidized agricultural exports hit hard those countries which are efficient exporters of such products. When some cases were under consideration in the GATT Council the debate bordered on the absurd: instead of questioning the subsidy race, speakers simply indulged in trading recriminations about the invasion of markets previously won by means of similar subsidies. It seems unlikely that this was what those who originally adopted Article XVI of the General Agreement had in mind when referring to "more than an equitable share" of the market.

In the light of this experience, we are somewhat alarmed at and disagree with some of the elements of "best endeavour" in the Final Act, particularly with regard to the provisions on credit programmes and credit guarantees, an aspect which we hope will be clarified through negotiation and the approval of new mandatory disciplines when the Uruguay Round Agreements are implemented. If not, we fear that the management of credit and export credit guarantees will take the place of the direct export subsidies as they are reduced.

Much remains to be done, including:

- I. Ensuring an orderly and efficient transition from GATT to the Multilateral Trade Organization;
- II. Implementing the Uruguay Round Agreements as soon as possible;
- III. Administering wisely and efficiently the new rules set forth in the Uruguay Round Agreements.

Argentina is ready fully to support these efforts and to continue complying with the multilateral disciplines set forth in the General Agreement, the Agreements and other decisions, as there lies the most effective way of expanding and modernizing its economy and consolidating the system as a whole.