

GENERAL AGREEMENT ON TARIFFS AND TRADE

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WORKING PARTY ON THE ACCESSION OF ARGENTINA

Statement by the Leader of the Argentine Delegation

Over the period since Argentina's provisional accession to the General Agreement on Tariffs and Trade, in 1960, until now when it is applying to become a full contracting party, our country has been taking a series of economic and financial measures designed to adjust its economy, in conformity with the principles comprising the code of conduct in commercial matters that the General Agreement really constitutes.

The main characteristic of the Argentine economy over the past two decades has been an inadequate rate of growth: over this period the annual growth rate of gross national product has been stagnating at approximately 3 per cent.

The disparity between the nation's probable consumption requirements and this slow growth of national product led to the inflationary process through which the country has been passing since the end of the Second World War, and which has been reflected in an annual increase of approximately 25 per cent in the general level of prices over the period referred to.

The new policy introduced by the Government is designed to achieve, as soon as possible, a steady increase in the rates of economic and social development, in order to give Argentina an up-to-date structure, based on the stability and liberalization of the major producing sectors, as a means of ensuring the economic growth of the country and the well-being of its inhabitants.

Accordingly, action has been taken at the internal level to readjust and rationalize public expenditure by means of various measures designed to reduce or limit the amount of such expenditure, to reform the tax system in order to afford tax relief to agricultural and industrial activities and encourage capital formation, and at the same time to augment fiscal revenue; a structural reform of State enterprises is being carried out with a view to improving their operation and ensuring their financial equilibrium and, in the external sector, notwithstanding the balance-of-payments deficit, a set of measures have recently been adopted which include the elimination of exchange restrictions, the establishment of a new par value for the Argentine peso, a substantial reduction in the average level of customs duties (from 119 per cent to 62 per cent), and in addition the liberalization of capital movements between Argentina and other countries.

Speaking on behalf of the country I represent, I can affirm that the objectives expressly set forth in the preamble to the General Agreement are applied as an overall economic criterion, and that the aims of raising standards of living, ensuring full employment, increasing real income and effective demand, developing the full use of national resources and expanding the production and exchange of goods are being effectively carried out at the present time and will continue to inspire the future action of the Argentine Government.

No aspects have been overlooked in carrying out these plans; the Government is taking action to improve productivity and efficiency in the public sector, and at the same time is establishing incentives for private investment and savings, thus helping to establish new employment opportunities in the private sector, by ensuring a fair and equitable distribution of income as between the two sectors.

In addition to income and budget policy directed towards raising income levels in the various employment sectors, a comprehensive plan of public works and housing has been set in motion; with the participation of international financing organizations.

As regards agricultural and livestock production - which is of great importance for the national economy - a series of measures have been adopted with the primary objective of ensuring adequate returns to efficient producers without any payment of subsidies and by granting the necessary incentives to augment agricultural and livestock production in order to ensure world supplies, taking into account our country's responsibilities as one of the major producers in this sector.

Modernization is in progress in the industrial sector and the importance of this is illustrated by the fact that industrial production accounts for almost one third of gross national product; the measures taken range from the extension of credit policy to liberalization of imports of capital goods, as well as with fiscal, wage and budget measures that will combine to afford new conditions of stability and efficiency to industrial production and enable the latter to draw up plans for developing and extending its installed and productive capacity.

My country is giving ample opportunities in this process to foreign capital which is and will be considered on a footing of equality with investments from national sources, in accordance with Argentina's traditional policy of non-discrimination in this respect.

The Argentine Government considers that its overall programme of monetary stabilization and production incentives will win the approval and co-operation of the major international organizations, some of which - including the International Monetary Fund - are already giving assistance for the speedy and effective implementation of the programme.

In brief, this action programme that reflects the desire and thinking of my Government in the economic and social sphere comprises: (a) a new par value for the national currency; (b) the virtual elimination of all restrictions on external payments; (c) a drastic reduction in the budgetary deficit; (d) strict control of the rate of growth of wages; (e) a structural reform of the tax system with a view to encouraging the development of productive activities; (f) a general reduction in the level of import duties and charges; (g) the virtually complete elimination of import prohibitions, these being limited to only eight items in the Brussels Nomenclature which represented only 1.6 per cent of total imports in 1966; (h) rationalization of credit policy.

The Argentine Government considers that the task it has undertaken, and which is on the way to achievement, is entirely consistent with the great fundamental principles underlying the GATT and under whose influence this organization has become the guiding instrument of international trade. Accordingly, my country considers that it fulfils the conditions established for becoming a full contracting party to the General Agreement on Tariffs and Trade and hereby applies to accede definitively.