

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## RECENT DEVELOPMENTS IN INTERNATIONAL TRADE AND THEIR CONSEQUENCES FOR GATT, AND STATUS OF IMPLEMENTATION OF THE 1982 MINISTERIAL WORK PROGRAMME

Statement by the representative of Chile  
at the meeting of the Council on 17 July 1985  
(Agenda item no. 2)

Since the inception of GATT our country has supported efforts to liberalize international trade, and has participated actively in the pursuit of that objective. At the present time Chile's trade policy is predicated upon defence of an international trading system, based on compliance with the provisions of the General Agreement.

Chile's outward-looking approach to foreign trade has been reflected in concrete measures, mainly in the tariff and monetary area. It is sufficient to recall in this respect the 35 per cent binding of its customs tariff undertaken in the Tokyo Round.

Curiously, this liberalization effort has been hampered by barriers to international trade and protectionist measures applied by countries whose adherence to the GATT principles nevertheless seemed beyond question. We have seen with amazement how some of the most developed countries contravene provisions and principles of which they themselves are the sponsors.

The developing countries that apply restrictive policies in their foreign trade can rightly ask themselves what would be the use of changing their present policies for other more outward-looking ones while protectionism clearly prevails in what is termed the "free-trade" world.

Furthermore, the problem of trade is closely linked to that of foreign indebtedness; payment of the latter would be facilitated by improved terms of trade, removal of obstacles in access to markets, reduction of real rates of interest and elimination of the restrictive policies applied in the external sector of national economies.

Our economies are having to make a major adjustment because of a fundamental shortcoming in the international economic system. From our viewpoint, however, that shortcoming lies not so much in the relevant rules as in the lack of political will to apply them in the true spirit in which they were established.

Accordingly, we consider there is a need for concertation which could allow new reflection and a realistic search for solutions. We believe, however, that whatever solutions we agree on must be lasting. History shows that countries tend to be protectionist in times of recession, yet support free trade in times of expansion. It is our hope that the ideas of liberalizing trade, which are apparently being renewed today, will be lasting ones.

In our view, what is more important than a high-level meeting is to convene a meeting with as its main agenda item the strengthening of international trade through compliance with the GATT rules. Indeed, if those rules were properly implemented there would be substantial liberalization of trade. In our view, each country is sovereign to determine the level of its representation, and there is nothing to prevent a high-level official from attending any GATT meeting. Furthermore, what really matters is that whoever comes to this concertation meeting should be adequately empowered to represent his country in trade matters and take decisions on them.

We hear talk of a "high-level meeting" as if one single meeting would suffice to prepare a work programme covering a period of years. We believe, on the other hand, that there is nothing to prevent us holding a number of meetings in the event that examination of the topics proved to be complex. Slow progress is not a serious matter, but failure to move forward would be.

To summarize what has been said, Chile supports the proposal for a meeting next September in order, without prejudice to its content, to begin the preparatory activities for a new concertation. Such a meeting would make it possible to define the framework of the discussion within GATT so as to avoid informal gatherings such as those of Stockholm or Lausanne which were attended by only very few, leaving the other countries in the dark.

We are convinced that the only way in which the developing countries can really be actors and not spectators in this process is to bring the discussion into GATT. And the sooner we start, the better.

At this concertation meeting we shall consider something on which we can already move forward. We must agree on pre-conditions for the holding of negotiations. One of those pre-conditions is implementation by all contracting parties of the anti-protectionist commitments set forth in paragraph 7(i) of the Ministerial Declaration of 1982. Because unless those commitments are first implemented, how seriously could one consider any commitments adopted in future in the new concertation. One sometimes has the impression that what is wanted is that "everything changes, so that nothing changes".

We must therefore make an effort to define how these commitments will apply to topics such as voluntary restraints, variable duties, subsidies, quantitative restrictions, non-bound tariffs.

If the idea of some contracting parties is to make GATT a forum for permanent negotiations, Chile does not oppose this, because it considers that GATT has always been a forum that allows permanent negotiations of that type. Indeed, when Article I of the General Agreement stipulates that any advantage is to be accorded immediately and unconditionally, it refers precisely to this possibility that at any time one contracting party can negotiate a particular advantage with another contracting party.

Mention has been made recently of including the topic of services in our discussions, and there are conflicting opinions in this respect. Chile believes that, whether one wants it or not, the topic of services is already being considered in GATT and proof of this can be seen in the meetings that we are holding on exchange of information. Chile considers that while at present GATT is not competent in regard to services, there is nothing to prevent this topic, like any other, being taken up in this forum. Moreover, there is nothing to prevent the CONTRACTING PARTIES from making themselves competent to take up this topic.

If it were agreed that GATT would make itself competent and if new multilateral disciplines were agreed on in regard to services, that is a question that will have to be considered at some future time. But what is important at this juncture is to allow a serious and frank discussion and at the same time avoid a situation in which this topic would be taken up in other fora or in partial agreements in which the developing countries would be left on the sidelines of the discussion and our interests would not be considered. We would not wish that to happen, and we are therefore interested in participating in this multilateral effort.

At the same time, however, we wish to indicate that this is a matter which Chile does not see as being of immediate priority.

No topic should be left on the sidelines of our future negotiations, and they should all be examined with the utmost frankness. Only close analysis of reality and of possibilities will allow our work to be fruitful. We have already lost much time, and we developing countries cannot allow ourselves the luxury of losing still more. We therefore support an in-depth analysis of the rules applicable to agricultural trade, with a view to terminating existing waivers and eliminating restrictions that affect that trade; we support the creation of mechanisms for effective and mandatory implementation of the legal provisions of the GATT; and we request the co-operation of the GATT secretariat so as to be able to embark on the negotiations with adequate technical support.