

GENERAL AGREEMENT ON TARIFFS AND TRADE

MIN(86)/ST/16
16 September 1986
Special Distribution

Original: Spanish

MEXICO: STATEMENT BY MR. HECTOR HERNANDEZ CERVANTES, MINISTER FOR TRADE
AND INDUSTRIAL DEVELOPMENT, AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

The General Agreement on Tariffs and Trade is going through a difficult phase. Mexico wished to attend this Ministerial meeting and to participate in the Round of negotiations as a contracting party because of its desire to support efforts to develop the rôle of international trade as the motor for growth and development.

Thanks to Mexico's determination and to the understanding and the willingness of the GATT CONTRACTING PARTIES to achieve a balanced understanding among the member countries, Mexico is now present with the status of a contracting party. I should like to place on record my gratitude to all the GATT members for the support they gave my country in achieving its timely accession to the General Agreement.

Support for free trade is fully justified when it brings benefits for all parties. Mexico has always fought for increased multilateralism in solving and dealing with international problems and, basing itself on law and on the principles of justice and equity, has defended relations between countries.

In acceding to the General Agreement on Tariffs and Trade, Mexico recognized the great possibilities offered by GATT for strengthening co-operation between nations and reaffirmed its belief in multilateralism.

In view of the increasing tendency towards protectionism, Mexico has come to Punta del Este with a constructive and conciliatory approach, wishing to defend the principles and objectives of the General Agreement, including special and more favourable treatment for the trade of the developing countries.

The decisions we take and the agreements we reach at this meeting on the question of the negotiating Round must be reflected in acceptable solutions which take account of the interests of all countries and offer prospects of benefit for all; they must also provide solutions to problems in the traditional areas of responsibility of GATT and make possible the restoration of the basic consensus of the General Agreement.

The political and economic benefits from this meeting will be widely felt if the Ministerial Declaration of Punta del Este and the actual decision to launch a new round include a message from the CONTRACTING PARTIES to the world community that has both substance and credibility.

The establishment of an immediate firm commitment not to introduce new restrictive measures which distort or limit trade and the conclusion of

an agreement to eliminate measures inconsistent with the provisions of the General Agreement, or to correct them within a given period, are essential prerequisites for the initiation of the New Round of multilateral trade negotiations, as they form an unavoidable part of such substantive and credible message.

In this Round we must deal with specific aspects such as the linkage between financial, monetary and trade matters, subordination of the agricultural sectors to GATT disciplines, "voluntary" agreements on exports, particularly of textiles and clothing which have hitherto constituted exceptions within GATT, and strengthening of the multilateral system through a system of safeguards comprising provisions on transparency, non-discrimination, time-frame, compensation, consultation and surveillance, while at all times ensuring special and more favourable treatment for the developing countries.

The work of the Preparatory Committee was fundamental for identifying the main positions and interests of the contracting parties. We have come to Punta del Este to negotiate the bridge which will enable us to progress beyond the preparatory work carried out and to achieve positions which will enhance the content and scope of the Ministerial Declaration.

In deciding to accede to the General Agreement on Tariffs and Trade, Mexico regarded the settlement of disputes as one of the main advantages to be gained and the source of new opportunities for its foreign trade. Even though there may still be difficulties with regard to the Ministerial Declaration, the latter will be the GATT system's principal proof of its ability to find formulas advantageous to all within a multilateral framework. This will constitute the best evidence of our political commitment to strengthen the GATT rules. We must in any case avoid following paths which lead us into the arid field of confrontation.

The Mexican economy has carried out a drastic programme of adjustment in the last few years. Nevertheless, the fall in prices of commodities, particularly petroleum, as well as protectionist practices, have seriously endangered both the implementation of this programme and the external solvency of our country. In the last three years Mexico has devoted more than \$30 billion to the servicing of its debt.

It is clear that no adjustment programme will succeed without the international community's understanding and support.

All countries must pay urgent attention to the question of the linkage between trade and indebtedness if we are to avoid a collapse of the international financial system, a development which would benefit no one. Mexico wishes to voice its concern and calls for measures to break this vicious circle in which all countries are involved.

Within the framework of co-responsibility for solving the problem of external indebtedness, Mexico considers it desirable that common principles and rules be established in GATT, IMF and the World Bank for the purpose of

monitoring the situation and avoiding the imposition by creditor countries of measures detrimental to the export income of the debtor countries, particularly when non-recessive adjustment programmes are being carried out.

It is also necessary that such structural adjustment measures, which other developing countries in addition to Mexico have been carrying out, should be viewed as contributions towards the negotiating Round and to the reorganization of the world economy in general. This would yield no positive results, however, unless the commercial banks also face up to their responsibility for the financing of these countries.

Effective joint machinery must also be set up by GATT and the IMF in order continuously to monitor the relationship between monetary developments and policies and developments in world trade and trade policy. Arrangements made in the fields of trade, money and financing must be parallel, transparent, symmetrical and equitable.

Mexico, as a developing country, is not prejudging consideration in the negotiating Round of new areas of world trade. However, we note with concern the new orientations of international economic relations which seek to link access to international markets and to financial resources with liberalization of direct investment, opening-up to services and high-technology goods, and modification of intellectual property rules.

In reaffirming its multilateralist approach, Mexico will support the search for generally applicable rules and standards that will guarantee equitable and fair distribution of the benefits of trade in all the areas of negotiation, both those which are traditional and those which are new. In this connection, it sees a need for the establishment during the course of the negotiations of a follow-up and monitoring system to guarantee these benefits and for a clear appraisal of the results of the negotiations in all the areas involved.

Any possibility of strengthening the multilateral character of the General Agreement will depend, in large measure, on our confirming our determination to support the fundamental principles underlying the Agreement. By taking such firm action we shall be giving substance to our association and this in turn will enable us to ensure good prospects for the immediate future.

GATT also needs to modernize its operating machinery to enable it to reactivate and improve the world trading system, having regard to the current general stagnation of the developing economies, the drastic fall in commodity prices and the grave protectionist tendencies which are compromising national growth capacities and foreign debt servicing.

The President of Mexico, Mr. Miguel de la Madrid, stated in his annual report to the nation on 1 September 1986 that: "The GATT is an international agreement which encourages dialogue and multilateral negotiation and whose purpose is the expansion of world trade flows". It is in this spirit of dialogue and negotiation that Mexico is attending the present Ministerial meeting.