

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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CONTRACTING PARTIES  
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## PERU

Statement by H.E. Mr. José Carlos Mariátegui Arellano  
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The Forty-Second Session of CONTRACTING PARTIES opens in a new perspective by reason of the decision to launch the Uruguay Round of multilateral trade negotiations within the framework of GATT. It is an occasion for us to evaluate the results of the Punta del Este meeting and to take stock of what can be expected from the new round of negotiations.

The magnitude of problems arising in recent years because of the duration and extent of the world economic crisis that began in the 1980s, together with shortcomings in the international monetary and financial system, have seriously affected the situation of the developing countries: as is the case for the Latin American countries according to Latin American Economic System estimates, the crisis has set them back by twenty years in their growth, jeopardizing the foundations for their future development.

At the present time, the developing countries have practically no room for manoeuvre. Strong protectionist pressures prevent us from expanding our exports, and ultimately from securing the increased foreign exchange earnings that are essential for servicing of our foreign debt. In addition, the terms of trade are deteriorating steadily because of the steep decline in commodity prices, so that our labours are yielding less and less. On the other hand, the present financial climate, which does not allow any significant increase in recourse to foreign credit, is obliging us to hold down as far as possible the imports of capital goods and equipment we need for our development.

The task we are embarking on is complex and of tremendous scope. As never before, GATT has to show that it is functional, bringing order and liberalizing international trade, giving a new impetus to growth of the world economy. The international community must implement the political commitment taken on recently at Punta del Este, to improve and support this institution, which in the past has contributed to sustained growth of trade and to the strengthening of international co-operation.

The Ministerial Declaration of 1982, which sets forth the GATT Work Program, endeavoured to remedy the numerous problems existing in the difficult world trade environment. At earlier sessions of the CONTRACTING PARTIES we have already mentioned the lack of progress on the Work Program, particularly as regards safeguards, quantitative restrictions, tropical products, agriculture, and more particularly, failure to carry out

the commitments regarding standstill and rollback as set forth in paragraph 7(1) of that Ministerial Declaration.

Experience has shown us that mere promises and vague wording in declarations are not sufficient. What is needed is a clear and irreversible resolve to adopt concrete measures in order to correct imbalances and improve the functioning of the world economy, and to face up to the problems of the developing countries in the context of their efforts aimed at overcoming the debt crisis and making progress toward economic development.

In general and bearing in mind these considerations, the Peruvian delegation supports the Ministerial Declaration of the Uruguay Round. It was the outcome of arduous and difficult negotiations that are reflected in the delicate balance of each of its parts and the text as a whole. Yet that text is far from ideal since it represents a compromise between positions and tendencies that are not convergent in every case.

The Ministerial Declaration reflects the objectives of Peru's foreign trade policy, namely to secure expansion of international trade and at the same time a more liberal régime in foreign trade matters. For Peru, such increased liberalization and expansion of trade implies broader access to international markets for Peruvian products.

We are glad to see that for the first time in GATT the close linkage between trade and foreign indebtedness is now recognized. In this connection, it should be noted that in the Preamble to the Decision to enter into multilateral trade negotiations on trade in goods, the CONTRACTING PARTIES state explicitly that they are "mindful of the negative effects of prolonged financial and monetary instability in the world economy, the indebtedness of a large number of less-developed contracting parties, and considering the linkage between trade, money, finance and development".

This recognition is reaffirmed in the section on the objectives of the negotiations, where it is stated that the negotiations shall aim to improve the "trading environment providing, inter alia, for the ability of indebted countries to meet their financial obligations".

As regards the principles that are to underlie the negotiations, we welcome the recognition of the principle of differential and more favourable treatment as stipulated in Part IV of the General Agreement and in the Decision of 28 November 1979. We believe that it is right and fair not to ask developing countries to make contributions that are inconsistent with their development, financial and foreign trade needs.

As regards standstill and rollback, my delegation would have preferred to see a binding legal commitment in order to avoid what happened in the case of the Ministerial Declaration of 1982, where those commitments were not respected. We hope we shall not be disappointed on this occasion and

we trust that basic rules will be established in that regard before the launching of the negotiations as such, and that the negotiations will not be deemed to have been completed without full implementation of the program and time-frame laid down for the rollback of measures inconsistent with the provisions of the General Agreement, it being understood that, as clearly indicated in section C of the Ministerial Declaration, such measures must not be negotiable.

The coverage and scope of the negotiations on goods seem clear to us. They must include all products and all barriers - tariffs, high tariffs in particular, tariff escalation, and non-tariff measures, in particular quantitative restrictions on which the work already done is fairly comprehensive. It must be taken into account that the present economic situation of the developing countries, especially the indebted ones, does not allow any significant reduction in their tariffs, which represent a substantial part of their budget financing and an instrument of support for their infant domestic industries - a principle that is recognized in the General Agreement.

One issue of particular interest to Peru concerns natural resource-based products because these account for more than 50 per cent of its exports. It should be noted that the Ministerial Declaration lays down a very clear mandate, stipulating that the negotiations must aim to achieve the fullest liberalization of trade in natural resource-based products. Accordingly, my delegation takes the firm position that negotiations on this issue must not cover aspects other than trade in products.

The problem of safeguards and the possible reform of Article XIX has been recognized universally. In our view, it is fundamental to abide by the principles of the General Agreement. One can hardly conceive "non-application" of the principle of non-discrimination among all the countries exporting the product that is effectively causing injury or market disruption. The concept of "selectivity" that some developed countries are advocating must be rejected absolutely.

I believe it necessary to underline the importance of bringing agricultural trade under the GATT rules and disciplines, strengthened and made more effective, in order to improve conditions of market access with remunerative prices and in stable conditions, and to ensure that market mechanisms apply to agriculture.

Regarding the Tokyo Round agreements, it is essential to ensure the unity and consistency of the GATT system, which are being seriously affected by the operating practices of the committees, so as to ensure that rights and benefits under Article I of the General Agreement are not impaired.

With respect to trade-related aspects of intellectual property rights and trade-related investment measures, my delegation wishes to reaffirm the reservation expressed by it when the Ministerial Declaration of Punta del Este was adopted, to the effect that these issues are not within the purview of the General Agreement.

It is our understanding that the fact that the negotiations on trade in services were the subject of a decision adopted by the Ministers present at Punta del Este, and not by the CONTRACTING PARTIES, excludes any organic or functional linkage with the General Agreement and defines a negotiating process separate from that on goods, without any possibility of exchange of concessions between the two areas. We shall follow closely the negotiations on trade in services, to ensure that they include provisions regarding differential and favourable treatment for developing countries and that the general policy objectives of national legislation and regulations on services are observed.

With the firm conviction that the political will of the developed countries will lead them to take on their full responsibility for reorganizing international monetary, financial and trading systems, and with full awareness that each and every one of the participants in the negotiations will have to contribute to laying the foundations for an international trade order, Peru will do everything in its power to participate in a positive manner in these multilateral trade negotiations.