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CONTRACTING PARTIES  
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## CHILE

Statement by H.E. Mr. Mario Barros van Buren  
Ambassador, Permanent Representative

The present Session of CONTRACTING PARTIES is inevitably influenced by the Declaration approved by the Ministers at Punta del Este in September. The launching of the multilateral trade negotiations has had a particularly important and very positive impact, for it has given rise to optimism and expectations that were previously lacking.

The preparations and negotiations that led to the launching of the Uruguay Round were difficult but the results have been satisfactory, and we are convinced that the efforts made were fully justified.

We are also convinced that Punta del Este was a success, mainly because it was possible to harmonize the various concerns and vital interests of all the contracting parties.

Now, however, we must admit to a certain amount of disappointment and fear that the spirit of Punta del Este has lost its impetus during its journey across the Atlantic to Geneva.

The Trade Negotiations Committee, and the Groups of Negotiations on Goods and Services, and their respective chairmen, have admittedly been set up. Yet these are the only tangible results that have been achieved so far. The number of negotiating groups has not been decided upon, even in principle. So many informal consultations and such poor results!

The intensive consultations which have been taking place in Geneva have been characterized by a trend that is unfortunately becoming a habit, namely, our references to the lack of transparency. There has not been a single open and formal discussion in which the contracting parties could express their views concerning general matters relating to the organization, plan and procedures of the negotiations. A discussion of that kind would have enabled the secretariat to identify the general framework of a consensus and present it in documents which could have been discussed to advantage during informal consultations. Instead, a selective criterion was used which has made it difficult to achieve results. In some cases the approach adopted has possibly hampered rapid progress in launching the negotiations even by countries which are genuinely interested in having them begin immediately.

Each country has its own very clearly-defined priorities in these multilateral trade negotiations. But beyond those priorities there is the common priority that takes precedence, namely, that the multilateral trade

negotiations should begin forthwith and in an effective manner, so that an attack can be mounted against the barriers that hamper trade and so that GATT disciplines can be strengthened. We must not betray the decisions of our Ministers and undermine the process by using delaying tactics. We all know full well - perhaps only too well - that behind many of the positions adopted on procedural matters lies the intention to promote a certain national priority which, in the final analysis, paralyses the entire process that has barely begun. I feel that, even when used legitimately, this approach is unsound. We should organize the negotiations in a spirit of flexibility, pragmatism and good-will, and enable the various groups to begin their work of identifying and harmonizing national positions and priorities. If certain delegations, such as my own, have at times, said nothing during the procedural discussions, their silence should be interpreted as an eloquent expression of their desire not to engage in minor skirmishes that would make us lose sight of the major objectives and principles of the multilateral trade negotiations.

I should at this time like to emphasize the vital importance we attach to the fulfilment of the standstill and rollback commitments that my Government assumed in the most serious and responsible manner.

However, it is disheartening to note that this spirit is not shared by all contracting parties. One of them recently approved a duty which affects oil imports in a discriminatory manner and whose conformity with the General Agreement has been questioned. Although this measure does not affect Chile directly, we are concerned by the possibility that it could mark the beginning of the impairment of the commitments entered into at Punta del Este.

In contrast with this development, a group of contracting parties recently stopped issuing import licences for apples - a fact which does honour to the commitments assumed at Punta del Este and which we are gratified to note.

In this context, we appeal to countries to display the political will required to ensure that the multilateral trade negotiations overcome the crisis of credibility that has affected the multilateral trade system so seriously. Similarly, standstill and rollback surveillance machinery must be set up as a matter of urgency. Interesting ideas have been presented by certain delegations in this connection; one of them concerns the establishment of a permanent surveillance body, possessing a certain amount of autonomy and independence in relation to Governments and enjoying the effective support of a secretariat committed to the objectives and principles of the General Agreement.

We should like to express our gratitude for the technical assistance provided by GATT to the less-developed countries. We agree with what was said by Foreign Minister Iglesias at the Ministerial Meeting in Punta del Este, namely, that increased assistance will be required during the Uruguay Round. In this respect, we feel that the programme set forth in document COM.TD/W/445, which was examined by the Committee on Trade and

Development at its most recent session, covers the main areas in which such technical assistance should be provided by GATT during this round of negotiations.

As at previous meetings of the CONTRACTING PARTIES, our delegation feels it must mention the problem of quantitative restrictions and the work done by GATT. At the Ministerial meeting of 1982 we hoped we were witnessing the progressive elimination of such restrictions, particularly those that were contrary to the General Agreement. Yet the rollback undertaking was fulfilled by only one of the contracting parties which were and still are applying such measures; the sole exception was New Zealand, and its action does it credit. At the same time, the Group on Quantitative Restrictions and Other Non-Tariff Measures was established, and its report for this year is now before us. This Group achieved a considerable increase in transparency, as is evident from the inventory of over 1,000 pages containing updated information on quantitative restrictions. But one of the Group's main tasks was to determine whether such measures were justified under the General Agreement.

However, many countries, mainly the developed countries of the Pacific as well as the Atlantic, failed to justify such measures and refused to discuss them in the light of the provisions of the General Agreement, so that, years later, all we have is a report that simply reveals that we have not reacted in any way to the non-compliance of certain large countries with their most elementary obligations under GATT.

Now this situation is being dealt with by means of a strengthened rollback commitment, which we hope will result in more rapid progress, especially as the inventory I mentioned offers a sound basis in this respect. We sincerely hope that our delegation will not have to repeat these same views in twelve months' time.

GATT is facing a major challenge and we appeal to Governments to adopt an attitude in conformity with the Punta del Este Declaration. We believe that the secretariat should be endowed with far-reaching powers of leadership and initiative, without which it will not be possible to reorient and co-ordinate GATT's normal activities so as to meet the additional demands made upon it by the Uruguay Round. We believe that the secretariat should not only co-ordinate the process but also guide it in an effective, responsible and resolute manner.

The half-hearted recovery of the world economy taking place at the present time is nevertheless threatened by major disequilibria and imbalances, as well as by selective and unacceptable protectionism. Without standstill and rollback, the adjustment effort made during the past few years, particularly by developing countries with large debt burdens, will be frustrated. We cannot run the risk of undermining, at the trade level, the progress achieved in the monetary and financial spheres.

The Chilean economy shows encouraging signs of a cautious and balanced recovery, although since 1981 there has been a persistent and unfortunate deterioration in its terms of trade. We have maintained an open foreign trade policy without quantitative restrictions or measures having equivalent effects. Our customs duties have remained fixed by law at 20 per cent for all products. This has enabled us to maintain a high real exchange rate which, together with our macroeconomic policies, has boosted exports considerably. During this year our trade surplus is almost 50 per cent higher than that of 1985, and larger than anticipated. The important point is that this surplus was accounted for exclusively by an increase in exports, which means that the adjustment of our economy is no longer taking place through a reduction of imports determined by market forces. Up to August of this year, exports of mining products increased by six per cent, whereas the increase in agricultural exports remained at the high level of 19 per cent. Exports of industrial goods increased by more than 17 per cent, and in recent months rose by 25 per cent as compared with the same period last year.

The level of imports in terms of value has remained unchanged, although their composition is different. Whereas imports of consumer and intermediate goods have declined, imports of capital goods increased during the past six months by about 30 per cent.

The stability and coherence of our foreign trade policy give us reasonable grounds for hope that the satisfactory results achieved can be maintained. However, this will also depend on a favourable and improved trade climate, and for this reason the rapid initiation of negotiations and fulfilment of anti-protectionist commitments are of vital interest to Chile.

We are embarking upon the present stage with renewed optimism and unshakeable faith in what was agreed at Punta del Este. Chile is prepared to negotiate in an open and realistic spirit. If we fail to persuade ourselves that the twenty-first century is to be the century of free trade and that we should make diligent preparations with that in view, the Punta del Este agreement may well prove to be a meaningless milestone. We do not want this to happen and will do everything in our power to avoid it.