

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

L/6339

2 May 1988

Limited Distribution

COUNCIL
4 May 1988

Original: Spanish

EUROPEAN ECONOMIC COMMUNITY - IMPORT LICENCES FOR DESSERT APPLES

Recourse to Article XXIII:2 by Chile

Communication from Chile

The following communication, addressed to the Director General, and dated 25 April 1988, has been received from the Minister of Finance of Chile, with the request that it be circulated to contracting parties.

I have the pleasure to refer to recent action of a protectionist nature which seriously affects exports by Chile to markets of GATT contracting parties.

Our country attaches great importance to the GATT as a legal instrument governing international trade relations on non-discriminatory foundations and also as the main forum and international organization devoted to the liberalization of international trade. Thus, Chile has consistently followed a policy of opening its economy to the exterior, and supported the launching of the Uruguay Round of Multilateral Trade Negotiations, initiated by the Punta del Este Ministerial Declaration of September 1986, which I had the pleasure to approve on behalf of my Government.

As you know, despite the explicit standstill commitment in the Punta del Este Declaration, Chile has been the subject of a measure designed to limit the entry of one of its agricultural products to the EEC market through a quota imposed in the middle of the exporting season, which seriously affects the interests of our producers and exporters.

The adoption of this type of measure that is blatantly contrary to the basic principles of free trade and non-discriminatory treatment of contracting parties to the General Agreement is to be deplored. What is more, it is particularly regrettable that these events should take place at the very moment when we are in the midst of the Uruguay Round negotiations aimed precisely at liberalizing markets and eliminating or reducing trade distortions, and especially when one of the objectives of the Round is to promote more efficient and competitive agricultural trade.

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As you will understand, it must be a matter of great concern to GATT contracting parties that developed countries should take action restricting the entry of agricultural products from a developing country, in view of the importance of agriculture for the economic development of the latter countries. For Chile, the sector's growth possibilities, basically determined by access conditions and international market transparency, have an urgency in development terms that the agricultural problems of industrialized countries do not have.

Furthermore, the harm done to Chile by this kind of action restricting our exports to developed country markets is particularly serious at this time, in view of the country's foreign debt problems. The growth of exports by Chile to the Community market is part of the major export effort being made by my country to achieve a level of economic growth consonant with the fulfilment of its financial commitments. The immediate effect of the action recently taken by the Commission of the European Communities is to impede that effort and make it especially difficult for the country to achieve its objectives of growth with stability and faithfully meeting its international obligations.

To be sure, the faithful and timely honouring of its financial commitments requires special efforts from Chile, and represents additional difficulties for the balanced management of its economy. Nevertheless, Chile does not consider that it can excuse or justify any failure in the servicing of its external debt. In contrast with this attitude on the part of Chile, it is paradoxical that one of the most important economic centres in the world should decide - in the face of minor effects in sectors supported by protective mechanisms and government subsidies - to take action that is blatantly contrary to the fundamental principles and objectives of the General Agreement.

I have considered it important to inform you of the seriousness with which our country views the recent protectionist measures adopted by the European Communities to the detriment of our exports in view of the major responsibilities of your organization as regards the safeguarding of the principles and rules governing international trade.

In view of the seriousness of the action taken by the EEC for Chile, I should be obliged if you would bring this letter to the attention of the contracting parties.