

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

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COMMUNICATION FROM MEXICO

The following communication, dated 16 December 1987, has been received from the delegation of Mexico with the request that it be circulated to members of the Group.

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The collective sense of purpose that has been apparent during the initial phase of the Uruguay Round of negotiations which we are in principle concluding today confirms the resolve of all parties interested in the negotiations to achieve full and effective participation in this exercise. This underlines the importance of the concept of transparency in the next phase of the negotiations which we shall be undertaking the coming year.

It is also important to note that even though not all the steps envisaged in the negotiating plan have been taken in full, this fact has been recognized objectively and constructive formulae have been agreed upon that will allow us to carry forward the work initiated a year ago, and at the same time, perhaps in a "feed-back" exercise, to embark on the negotiation process as such.

Already in each Negotiating Group and in some cases during the recent session of the CONTRACTING PARTIES, many delegations have indicated their satisfaction and concerns. The reports of the Chairmen of the Negotiating Groups have drawn our attention, in a subtle and intelligent manner, to the work still before us (which furthermore it was not feasible to complete in such a short time) but have highlighted the new target, in accordance with the Declaration of Punta del Este and the Negotiating Plan.

We shall now have a short break which will allow us to reorganize ourselves in the light of developments and embark on the coming stage systematically.

What is important is to recognize that the objectives underlying the negotiations launched at Punta del Este are fully valid, and that that only through a strengthened GATT shall we be able to implement the objectives and rules of the General Agreement.

I must underline the importance that these negotiations and our participation in GATT's work represent for Mexico in seeking additional means to overcome our development problems. Upon becoming a contracting party, Mexico took on concrete commitments, particularly as regards the multilateral rules upheld by this organization. Our respect for those rules, which we would hope to see improved in these negotiations for the benefit of developing countries such as mine, has led us to take action in parallel at the domestic level and consistently with those rules by tackling the economic problems that arise almost daily and which I would term distressing.

Indeed, having regard to the economic problems facing my country, an economic pact of solidarity was concluded yesterday between the Mexican Government and the labour, rural and entrepreneurial sectors, with a view to protecting the real earnings of workers as far as possible, achieving greater efficiency of production structures and strengthening the balance of payments.

In this context, the Mexican Government has decided to adopt two measures complementary to that pact: one in regard to exchange matters and the other, the opening of the domestic economy to foreign trade. On the one hand, the controlled-market exchange rate, which applies to trade in goods, has been raised by 22 per cent, thus virtually aligning it with the free-exchange rate, and on the other hand, in order to offset the unfavourable effects of the exchange rate increase, this adjustment is accompanied by a substantial reduction in import duties thereby reducing the cost of foreign purchases. The first measure was made effective on 14 December, and the second entered into force as from yesterday, 15 December.

The reduction of import duties applies to 7,152 tariff headings representing 84.5 per cent of total imports (basically intermediate goods, capital goods, and non-luxury consumer goods), out of a total of 8,459 headings in the Mexican import tariff. The maximum tariff has been reduced from 40 to 20 per cent and other rates are also being adjusted downwards so as to establish a tariff structure of 0, 5, 10, 15 and 20 per cent. Furthermore it has been decided, through domestic legal action, to eliminate the additional 5 per cent charge currently applied on Mexican imports which was in any case to be reviewed in 1990 in accordance with Mexico's Protocol of Accession.

The Mexican Government could justifiably have taken measures not necessarily in line with the major principles and rules of the General Agreement. Such action would even have been consistent with the GATT rules under the various articles that we are seeking to strengthen for the benefit of the developing countries, even though this would have implied adopting restrictive measures that would have appreciably reduced our country's import trade. We do not opt for such a course, but have preferred to act as indicated, on the clear instruction that in order to maintain this line of conduct and carry forward the eventual liberalization

process, we shall request adequate compensation in accordance with our development needs. I would underline that this is not a matter of a crash programme, of necessarily permanent measures, nor of a devaluation for strictly competitive purposes.

The next phase of negotiations will afford an opportunity to verify the real possibilities for negotiating and for quantifying in concrete terms the real significance of that intention so often repeated in this forum.

We are satisfied with the results achieved so far, even though they are incomplete; we consider that they reflect serious intentions to carry forward the Punta del Este objectives. Mexico is prepared to embark on the next phase of the negotiations with the participation and aid of our trade partners and of the GATT secretariat, and to make the necessary efforts for balanced progress, where possible, as between all the Negotiating Groups. We must underline, however, that now more than ever there are areas in which the developing countries will call for advance and urgent implementation of results, even if partial and subject to review at a later date. Countries such as mine cannot wait three years more in order to obtain concrete results.