

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MEXICO - POSSIBLE ACCESSION TO GATT

Statement by the Mexican Delegation at the Meeting of the GATT Council of Representatives on 29 January 1979

You have before you document L/4766 of 19 January 1979 reproducing the text of a communication dated 16 January by which the Secretary for Trade of Mexico apprised the Director-General of GATT of the Mexican Government's decision to initiate negotiations with the CONTRACTING PARTIES with a view to Mexico's possible accession to the General Agreement.

Mexico has a considerable volume of trade with the GATT member countries. Its imports from the contracting parties represent 98.4 per cent of total imports. Its exports to contracting parties constitute 82.4 per cent of total exports. Hence the importance for the contracting parties of Mexico's possibly becoming a member of GATT.

Many elements have been taken into account by the Mexican Government in reaching this decision. Among them one may underline the situation that we are nearing the end of the current multilateral trade negotiations and the logical consequence, as happened in the past with other countries that are now contracting parties, that contributions to a round of trade negotiations can acquire the character of the so-called "entrance fee" for admission to GATT in the context of the conditions established in Article XXXIII of the General Agreement.

Another significant element that led to our decision was the favourable and frankly positive reaction to enquiries that Mexico made a short while ago to ascertain the opinions of some of you on a possible request by Mexico to initiate negotiations with a view to acceding to GATT, and the possible attitude of your governments toward Mexico in those negotiations, taking into account my country's present stage of development.

Likewise, there are clear interrelations between these negotiating procedures and consequently a clear link between the results of the MTN and Mexico's possible accession to GATT. Hence the importance of the results of this negotiation with a view to accession being incorporated, if satisfactory, in the Final Act of the Tokyo Round.

Indeed, Mexico has participated fully in the MTN since the stage of the Preparatory Committee. We have done so with the objective of achieving better conditions for Mexico's foreign trade and of influencing, as far as possible, the shaping of the rules that are to govern international trade.

We realise that our objectives have not been achieved fully, but we also realise that all the work has not been completed and that accordingly it is still possible to improve the codes and the negotiations on products in favour of developing countries.

It is of capital importance for Mexico that the results of the negotiations be advantageous overall so that my country can possibly participate in GATT if the conditions of accession are likewise favourable.

In participating in the negotiations we have endeavoured not to prejudice either their results or the legal and practical position in which Mexico would be when they are completed.

Mexico's possible accession to the General Agreement is one of the options that would allow it to enjoy the rights and advantages that would accrue to it and to take on the responsibilities and obligations inherent in the results of the MTN. We have chosen negotiation with a view to accession in order to define the cost benefit of such possible accession, but this choice does not exclude the possibility of adopting other solutions, no doubt more complicated but possible and logical, for us to participate, even if only partially, in the results of the multilateral trade negotiations.

I should like to refer to another element of the communication from the Mexican Government to the Director-General of GATT, namely the principles which in our view must govern the negotiations with a view to Mexico's accession, in such a way that the results of those negotiations may allow our Government to continue to implement in full its economic and social development policies, consistently with our country's domestic needs at its present stage of development. Mexico sees its possible participation in the General Agreement as an additional measure contributing to effective solution of its economic and trade problems.

Indeed, Mexico is a developing country. Our economy is based essentially on agriculture and production of raw materials, including minerals. Our industrial base is weak but is expanding. We are encountering serious problems of a structural nature which have prevented us from meeting the basic needs of our population in the field of social well-being.

With a high rate of unemployment and under-employment, a population of 62 million inhabitants and a population growth rate of 3.2 per cent, we need to create between 800,000 and one million jobs each year. This means that each year we must incorporate that number of persons in the production process, so that at least they can feed themselves and begin to participate in the consumption structure, weak though it is, of our economy.

If Mexico were to open its doors to free trade and unrestricted competition, we would never be able to attain that objective. We must therefore maintain some flexibility in regulating our imports and in our industrial development policies which are linked to foreign trade. We must also generate foreign exchange in order to maintain the level of our imports of capital goods and raw materials and achieve an increasingly rapid rate of development.

We must furthermore decentralize our industrial development and encourage employment and growth in certain geographical areas of the country in a manner consistent with the population growth pattern. This means that we must create jobs where manpower is available. We shall succeed in solving these problems to the extent that our international relations in trade matters can satisfy our interests and our needs.

In summary, the Mexican Government deems it essential:

- 1.- To protect and promote our agriculture, which supplies the basic food requirements of the Mexican people and employs the great majority of our labour force. Hence the importance of developing agro-industry in a developing country like Mexico and the need to grant the necessary protection to this sector, at all stages of production.
- 2.- To protect and promote Mexico's industrial development consistently with our domestic policies and the economic and social commitments deriving therefrom.
- 3.- For this purpose, in the negotiations with a view to accession, to set mutually acceptable conditions guaranteeing the necessary flexibility for the operation of our economic and trade policy instruments.
- 4.- In fact, to secure the full operation of our domestic legal provisions consistently with our development objectives, since our development policies are implemented in relation with those provisions.

We consider that these considerations are not inconsistent with the objectives and the spirit of the General Agreement and that the aspirations and needs of Mexico do not differ from the needs of the contracting parties to GATT, whether developing countries or developed countries.

We believe that a realistic and pragmatic approach by the CONTRACTING PARTIES would allow a successful outcome to the negotiations that we are about to undertake. This is of still greater importance if one takes account of the fact, mentioned in the communication from the Secretary for Trade to the Director-General of GATT, that Mexico's definitive decision concerning its accession to the General Agreement will depend both on the results of the negotiations with a view to accession and on the results of the Multilateral Trade Negotiations, particularly as regards specific benefits for developing countries like Mexico.