

# GENERAL AGREEMENT ON

SR.43/ST/13  
21 December 1987  
Limited Distribution

## TARIFFS AND TRADE

CONTRACTING PARTIES  
Forty-Third Session

Original: Spanish

### CHILE

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It is important today, perhaps more than ever before, to look back on the causes underlying the creation of the existing multilateral trading system. Through GATT, and over more than four decades, that system has been ensuring sustained growth of trade in line with the ultimate aim of greater economic growth and well-being for our peoples.

The great depression of the 1930s and the inappropriate policies pursued by some countries to overcome it highlighted the fact that the prosperity of each country was closely linked to that of all others, and that thenceforth inter-dependence would be the key element marking international economic relations. The international consensus reached in this regard led to the formulation of a legal framework of rules and codes to regulate trade liberalization, opening the way for unprecedented expansion of trade.

More than forty years ago, strong political will was necessary on the part of governments together with skillful negotiation by their representatives, and the present situation points clearly to the urgent need to revitalize those factors as the only way to ensure successful fulfillment of the tasks and objectives taken on in this new round.

The grave world financial crisis together with the major shortcomings and limitations that are afflicting the international trading system, point to the threat of an imminent revival of protectionist trends in the majority of countries which, while seeking to ensure their economies in the short term, would, if those policies were carried through, simply lead in the medium and long term to general impoverishment not only of their own peoples but also and inevitably of the rest of the international community.

Today we are better placed to appreciate the importance and relevance of the launching of this new round of negotiations which, although at the outset seen by some as being extremely ambitious, we now view, in the context of the present economic situation, as being one of the main possibilities we have not only for preserving and consolidating what has already been achieved, but also and more importantly for building a strengthened multilateral trading system. The basic idea is that this system should effectively regulate trading relations among our countries, and that it should include all production sectors and all instruments and measures of commercial policy, so as ultimately to bring them under impartial, effective and equitable disciplines within the framework of GATT.

More than ever before, success in this direction is essential and vital for remedying the grave imbalances we can see in the world economy. The reformed multilateral trading system toward which we are moving should tackle the unjust situation of many countries which, like Chile, have major comparative advantages in the agricultural sector, but whose export and growth possibilities are nevertheless limited. Access for their products to major markets is limited by restrictions. A similar situation exists in the area of textiles, adversely affecting many countries. One may also mention the need to reduce tariff escalation which particularly affects natural resource-based products, as well as and in general the countless quantitative restrictions and other exceptions and so-called "grey area" measures.

All the problems I have mentioned have resulted from the fact that many countries have progressively departed from the GATT disciplines. The success of the current negotiations will not only depend on agreements reached in these areas, but also, basically, will require a major institutional strengthening of the General Agreement. It will be thus possible to ensure proper observance through improved surveillance and dispute settlement mechanisms. Otherwise we would once more be vulnerable to arbitrary action by minority pressure groups in each country, which, in seeking only their own interests, eventually harm the higher interest of their own nation and that of the international community to which they all belong.

As regards the new topics that have been taken up in this negotiating process, I should like to point out that while these are not basically priority matters for Chile, we are nonetheless disposed to support their being considered and analysed in depth, and we could even support initiatives aimed at eliminating trade restrictions and discriminatory practices in those new areas. We believe this can be achieved through new multilateral rules and disciplines to liberalize services, ease the flow of foreign investment and afford adequate protection to intellectual property.

A large measure of maturity and political vision will be needed to deal with these new topics, despite the reticence of many countries to do so, as is only natural and due in part to inadequate knowledge and definition in regard to those topics. We are nevertheless convinced that a flexible attitude and readiness to negotiate substantive problems in these new areas will help us to ease positions and to negotiate and remedy situations which in other areas already mentioned are outside the GATT rules and in flagrant breach of them.

Before concluding, I should like to say that my country welcomes the progress made in the course of this year which is reflected, in line with the targets set, in increasing transparency and increasingly clear definition of the problems involved. Nevertheless the most difficult part lies ahead since we are nearing the point at which each country will have to take its responsibility at the negotiating table. Each nation will have to define its own position. We hope this will be to move forward in this

new endeavour that we launched in 1986, and champion the multilateralism that GATT offers as being the only rational way to solve the difficult challenge with which we are faced. That challenge is simply to promote free trade, growth and ultimately peace and well-being for our peoples.

The price to be paid for achieving this will never be too high, and in this regard my country has spared no effort. In the past two decades we have encountered the most adverse economic situation imaginable, starting with the oil crisis, then a substantial deterioration of our terms of trade, and subsequently the tremendous financial burden of our foreign debt. Yet contrary to all expectations in the context of protectionist policies, Chile has opened its economy and has done so not solely in the sense of boosting exports and winning new markets, but also, at a price that not everyone is prepared to pay and in regard to the opening of national markets to which my country has committed itself within the multilateral framework of GATT, Chile bound all its tariffs at the level of 35 per cent during the Tokyo Round and subsequently has applied uniform tariffs which are substantially below that level of binding.

In referring to my country's own experience I wanted to underline that application of the principles and fundamentals that have been set forth in the General Agreement for more than four decades is today more relevant than ever as an option for countries seriously intending to take on the commitments that this new round will imply for them in the short term. We believe that such an option, with political will and a lofty approach from all governments involved, can be beneficial for the entire international community. That is the only way to sustain the legacy established for us by the authors of this agreement in 1947 and which today has completed forty years of fruitful existence.