

GENERAL AGREEMENT ON

TARIFFS AND TRADE

SR.43/ST/22
23 December 1987
Limited Distribution

CONTRACTING PARTIES
Forty-Third Session

Original: Spanish

ARGENTINA

Statement by Dr. Daniel Berdou Under-Secretary for Foreign Trade

In 1986, the developing countries' share in international trade was the smallest since the 1950s.

Whereas they accounted for over 30 per cent of world exports in 1950, their share barely reached 19.6 per cent last year.

This means that the developing countries have lost receipts from foreign trade amounting to about US\$200,000 million for 1986, a figure which is more than double the external debt service for that year, and which, accumulated over a four-year period, would enable that debt to be paid off in full.

This declining share is closely linked with the international economic crisis and, particularly, with the unemployment of factors of production in both developed and developing countries.

As long as three-quarters of the world's population cannot play a dynamic rôle in the expansion of demand for imports, it will be impossible to overcome the imbalances which exist in the real variables of the international economy, and which are reflected in trade and fiscal deficits, exchange-rate fluctuations, financial and stock market instability, and the obstacles which debt creates for international economic growth and development.

The above-mentioned structural problems must be squarely faced and require the necessary political will to reverse them and bring about a process of growth in the world economy based on a balanced distribution of the benefits of trade.

In this connection, it should be stressed that the launching of the Uruguay Round, the concerns expressed by the heads of State of the more industrialized countries, and the realization of the seriousness of the situation in various international fora such as UNCTAD, the IMF and the World Bank, warrant some optimism that action will be taken to deal with the structural crisis.

At Punta del Este, Ministers understood the need to give trade policy a dominant rôle in such a process.

The coverage of the Declaration launching the Uruguay Round, and the breadth of the terms of reference for the specific subjects, allow for negotiations that are in keeping with the exigencies of the situation we are facing.

Ending the exceptions to the rules of the General Agreement relating to trade in goods should allow the developing countries to play an increasingly dynamic rôle in the growth of world trade and demand. This means eliminating the protectionism and the distortions that characterize agricultural trade and trade in tropical and natural-resource-based products, eliminating the waivers to the General Agreement, modifying some Protocols of Accession and the Protocol of Provisional Application, eliminating quantitative restrictions and non-tariff measures not explicitly provided for in the GATT, and adjusting the safeguards and subsidies rules to the new circumstances of more open trade.

Progress in this direction will alter the deteriorating trend in the terms of trade that characterizes primary production and manufactured products affected by protective and distorting measures, and give positive signals for the growth and diversification of production in developing countries, increasing their purchasing power and thereby their demand for goods and services on the international market. Thus, it will also boost growth in the industrialized countries themselves.

This change must unquestionably be in keeping with negotiations on services that avoid any repetition of the problems observed in the sphere of trade in goods, where the liberalization process was selective and particularly in those areas where international competition was meaningless.

A balanced distribution of the benefits of growth of trade in services will imply a proper examination of the rules that should govern such trade, whose features are substantially different from those of trade in goods.

Hence, the proposals which extrapolate the GATT provisions on trade in goods to the services area may be counter-productive with respect to the desired goal.

Such elements as the transfer of technology, promotion of development, and build-up of surpluses for the purposes of purchasing on deficit markets, may constitute the basis for negotiations to achieve satisfactory results in this sphere which cannot be linked with trade in goods as far as procedures and the global and sectoral negotiations are concerned.

The first year of the Uruguay Round has shown significant progress in the negotiating process.

The proposals that have been tabled on agriculture, tropical products, natural resources, tariffs, non-tariff measures, as well as the standstill and rollback undertakings, indicate that the understanding and will are beginning to emerge to travel the difficult road towards a lasting solution of the structural problems of international trade.

We hope that this will be fully borne out by the new stage which we will be initiating at the beginning of next year.