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MEXICO

Statement by H.E. Lic. Luis Bravo Aguilera Under-Secretary of Foreign Trade

Three years ago, at the Forty-First Session of the CONTRACTING PARTIES, my country announced its decision to begin negotiations for accession to the General Agreement on Tariffs and Trade. Today Mexico is a member of this body and as such has participated positively and actively in the work of the Uruguay Round.

Now, more than two years since the beginning of this Round of negotiations we have the opportunity to conduct a general review of our work, in order that our Ministers may make the relevant decisions at the forthcoming meeting of the Trade Negotiations Committee, to be held in Montreal next December.

Today it is a recognized fact that in order to grow it is necessary to sell more in international markets; to keep markets open and free of any restrictions that are contrary to the spirit of trade expansion. It is only in this way that we will solve many of the problems that affect the world economy now and in the future. This is particularly true for developing countries which need to promote their growth and development by eliminating protectionism and by strengthening the multilateral trading system and the linkage between trade, money, finance and development: these are the fundamental premises of the Punta del Este Declaration.

For many countries, including my own, the problem of foreign debt continues to be the major impediment to achieving economic, political and social goals. The net transfer of resources abroad greatly affects domestic investment possibilities and thus jeopardizes growth and development. Fulfilling our financial obligations has meant a drastic reduction in our imports and in the standard of living of our peoples. To give an example, between 1983 and 1988 Mexico has paid \$76,000 million in debt service, and all this without reducing its debt. We can therefore say that the burden of adjustment has fallen on the debtor countries, while other major players in the international economy have not carried a similar burden.

Instability and unpredictability in the international arena have caused tension and further aggravated the situation. Domestic adjustment efforts are impeded by protectionist measures in the principal markets, higher interest rates, exchange-rate fluctuations and deterioration of the terms of trade. For this reason alone, between 1983 and 1988 my country lost earnings of \$43,000 million. With this sum we could have raised our standard of living and increased our investments and imports, instead of which there was a decline in our economic activity.

Because of excessive conditionality and inconsistent requirements on the part of different creditors and multilateral institutions, developing countries are in difficulty. The IMF adjustment programmes, the World Bank's structural adjustment loans, the trade policies of industrialized countries and the demands of creditor banks are often incompatible and further limit the debtor countries' management of their economies.

Multilateral co-operation continues to be a key factor in international co-existence. Co-operation for development, for some, and co-ordination for others. The growing interdependence of nations means that the steps taken by developing countries to resolve the crisis must meet with corresponding efforts on a global level.

The latest available figures on trade show that in 1986, developing countries slashed their imports because of the problems they have been facing in the current decade. However, in 1987 and part of 1988, although still caught up in this unfavourable environment, developing countries have considerably increased their imports, thus clearly demonstrating their desire to participate in the expansion of trade. It is estimated that trade liberalization in developed countries would raise the product growth rate of developing countries by three points. A balance must be found in this situation of disparity between protectionism and open markets, so that different interests can converge in a favourable and equitable environment, in which the principles and objectives of the General Agreement can be fulfilled.

In this context, the Uruguay Declaration recently issued by the Presidents of Latin American countries, members of the permanent mechanism, points out that Latin American development "requires a significant increase in financial flows to the region, the opening of international markets to its exports and the establishment of stable and equitable rules of the game that will enable international trade to grow in a sustained and transparent manner".

However, despite the efforts made and the commitments entered into, protectionism is still on the rise in the highly industrialized countries, and in the principal markets our products still come up against restrictive measures which are incompatible with the GATT.

The Uruguay Round is an opportunity to strengthen the multilateral trading system on a firmer and more equitable foundation. As was pointed out in the Declaration adopted last Friday by the member countries of SELA, which we fully agree with, in Montreal, a new political impetus should be given to the negotiations so that the objectives set out in the Punta del Este Declaration can be attained and produce real benefits for participants.

It is therefore essential and urgent to fulfil the standstill and rollback commitments established in the Punta del Este Declaration. The surveillance body has not been sufficiently effective to achieve its objectives. Despite previous understandings, to date, no specific rollback action has been undertaken. Similarly, as far as Mexico is concerned, we have seen violations of the standstill commitment, as in the case of the Superfund.

As we have stated on various occasions, as far as Mexico is concerned there are no first-class and second-class negotiating groups; they are all important, and each one should bring benefits to everyone. We are concerned at the fact that in the last two years there have been serious disparities in the degree of progress made in the various negotiating groups. In the traditional negotiating areas and subjects, in which developing countries such as Mexico have a greater interest, response has been insufficient, while in the so-called new areas, pressure has been exerted to move more quickly and even to go beyond the scope of the terms of reference.

Thus, we hope that the Montreal meeting will not only correct the shortcomings that have occurred but also reaffirm the principle of differential and more favourable treatment for developing countries, so that in the course of the Round concrete mechanisms can be set up to ensure application of this principle in each and every one of the negotiating areas.

It is likewise of great importance that we move forwards in the identification of specific action regarding the linkage between debt, finance, money, trade and development. Mexico has presented formal proposals in this regard and hopes that in the course of the negotiations operative provisions will be included so that satisfactory solutions to these issues can be found. We should note that the Punta del Este Declaration stresses the importance of an improved trading environment providing for the ability of indebted countries to meet their financial obligations.

Specific action must be taken in the multilateral trade negotiations to increase access for our products to the principal international markets. This would mean more stable and predictable trade flows, would promote market and product diversification and result in greater participation by developing countries in international trade. Cases in point are agricultural products and textiles and clothing.

There is a pressing and priority need to fulfil the Punta del Este commitment on tropical products. It is neither possible nor acceptable to make the group's results conditional on the granting of sectorial reciprocity by developing countries or on progress in other areas. Montreal must produce substantive results in this area, to be implemented immediately - not as early results but rather as the fulfilment of previously adopted commitments.

To conclude, I would like to underline the great importance that Mexico attaches to the Uruguay Round. We have participated in a constructive way and we are ready to continue doing all we can to ensure that this Round of multilateral negotiations is as successful as we all hope. We are of course aware that, as in any negotiating process, there are problems and we have mentioned some of them. We are confident, however, that in the remainder of this month, and later in Montreal, these obstacles can be overcome so that we can move steadily towards the achievement of the goals we set ourselves at the start of this negotiating Round. The success of the meeting therefore depends on the political will that is shown to correct the imbalances that exist today.