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PERU

Statement by H.E. Mr. Juan Carlos Hurtado Miller Minister for Industry, Tourism, Integration and International Trade Negotiations

Allow me to start by reiterating Peru's interest in the continuing improvement of the multilateral trading system, which must be developed according to clear, stable and predictable rules adopted in the WTO to generate benefits which are fairly distributed among all Members. It is with this in mind and in the light of the subjects which we are debating here in Seattle that my delegation would like to share some observations on our experience and on those areas which we consider to be a particular priority.

From 1990 onwards Peru embarked on a far-reaching economic and institutional reform with policies geared to stabilizing an economy that was subject to hyperinflation and recession, to significantly reducing levels of protection in goods and services, to allowing market-determined pricing, to liberalizing capital flows and effectively monitoring the functioning of the financial system. Peru has remained on this path, continuing its efforts to liberalize the economy, having established a firm basis for sound economic growth which has been reflected in major advances in foreign trade and in investment.

In this context, the commitments undertaken in the World Trade Organization have served to consolidate these reforms and also to reinforce the external legitimacy and credibility of domestic public policies. In this way, Peru has complied with the Uruguay Round Agreements, and we intend to continue being as diligent in fulfilling our commitments. Peru is convinced that regional integration agreements help to facilitate the full participation of the developing countries in the multilateral trading system. Accordingly, Peru is actively participating in the Andean Pact and in negotiations for the formation of the Free-Trade Area of the Americas in 2005.

We are aware that trade liberalization is the most effective way to become integrated in the world economy. However, liberalization is not enough in itself to achieve rapid and sustained benefits for our nations. What is also needed is an environment of economic and political stability on the domestic front, and an equivalent commitment towards openness and stability from other countries, especially the most developed. A more coherent and effective link is also needed between the WTO and international financial institutions, not to create more conditionality, but to allocate more resources to give us better conditions for development and at the same time ensure that the multilateral trading system fosters growth and economic development in an orderly, stable manner.

Peru supports a full round of trade negotiations so that major advances can be made in the following areas:

In agriculture we hope that the coming negotiations can reduce existing imbalances and take full account of the interests of the developing countries. Although Peru is currently a net food-importer, it also has great potential for exporting agricultural products and it expects a substantial and

ongoing improvement in the conditions of access to the markets for those products. It is therefore essential to eliminate as promptly as possible the distortions represented by subsidies to agricultural exports granted by various countries. It is also essential to avoid the use of sanitary and phytosanitary standards as unnecessary barriers to trade.

Furthermore, we are very interested to see the beginning of negotiations on services, which have a crucial role to play in growth and development. Peru considers that priority must be given both to the consolidation of greater openness and to the development of multilateral disciplines. We would emphasize the many specific commitments towards liberalization in tourism, a clear sign that many countries place expectations in this sector as a major source of revenue and job creation. The importance to trade and tourism of cargo and passenger transport services is fully recognized. So it is becoming vital to resume the subject of the liberalization of ocean transport, and to put air transport services finally in the multilateral framework of the General Agreement on Trade in Services.

We believe that this round is being launched in a context of accelerated change which we cannot ignore and which necessitates the study and discussion of new subjects in the context of the WTO. In the matter of intellectual property, we consider that innovations, creations and cultural expressions contained in traditional knowledge and folklore of local and indigenous communities should be properly recognized, so that the economic value that can be derived from commercial use be translated into benefits for our nations. Consequently, Peru hopes that on this occasion this important subject will be included in the agenda of the WTO negotiations.

In the current context of openness and constant change, we consider that there is no room for protectionism in any form, since this in itself is a factor which distorts the foundations of the free market. We must express our rejection of the proposals to bring subjects into the WTO which belong to other international organizations, namely labour and environment issues.

Lastly, Peru considers that to guarantee the stability and credibility of the multilateral trading system, it is of fundamental and pressing importance to define concrete and binding provisions for the application of the principle of special and differential treatment in favour of the developing countries; in this way it will be possible to adopt, within the multilateral framework, appropriate, ongoing and effective mechanisms to facilitate the fulfilment of commitments, without harming our countries' trade and development interests.
