JUSTIFICATION OF SUGGESTED TOPICS

Communication from Peru

The following justification for a topic included in the catalogue (PREP.COM/W/1/Rev.1) has been received from the delegation of Peru.

Trade in Non-Ferrous Minerals

Prior to the establishment of the Preparatory Committee, the delegation of Peru had repeatedly invoked the need to include the problems of trade in non-ferrous minerals as one of the topics to be discussed at the Ministerial Meeting of the CONTRACTING PARTIES, which will be held next November.

In justification of that proposal, my delegation is putting forward herewith the following considerations for due examination in the Preparatory Committee.

1. Although the GATT system has had particular relevance to trade in manufactures, the General Agreement does not exclude any sector of production, and references to trade in primary commodities include agricultural and tropical products, non-ferrous minerals, fishery products, etc.

2. If one assumes that the GATT rules have been responsible for the great expansion in international trade over recent decades, it is probable that one of the reasons why certain production sectors have not grown to the same extent is that the General Agreement's rules and its related instruments have not been given equivalent application to primary commodities in such fields as those indicated in document PREP.COM/W/1: agriculture, tropical products, non-ferrous minerals, fisheries and textiles (the latter being regulated by the exceptional rules of the recently extended Multifibre Agreement).

3. Among the problems besetting those sectors, the seriousness and extent of the difficulties affecting agriculture justify the increasingly clear consensus emerging in GATT concerning the priority treatment it deserves.

4. It is regrettable that we have not been able to show a similar concern in the case of non-ferrous metals which, in the unanimous judgement of the most recent economic analyses, constitute the most depressed sector of international trade. This is brought out, for example, in GATT's report on "International Trade 1980/81" (pages 28 and 29 inter alia) and the recent document CG.18/W/66 on "The Current
Economic Situation", paragraph 13 of which points out that the poor performance in aggregate GDP growth in the developing countries which are not members of OPEC "was concentrated in mining and manufacturing, while agricultural production expanded at the historically average rate". The fact that prices for the non-ferrous metals exported by developing countries declined by 25 per cent from 1980 to 1981 (Table 12 of the same GATT report) indicates the gravity of the problems of the mining sector, whose importance is measured not only by its significant share of world trade - 5 per cent in 1981 - but also by its implications in the field of the most sophisticated industrial products.

5. This allusion to mineral prices should not be interpreted as a suggestion that the Ministerial Meeting should take up this particular issue. We mention it because it brings out an important aspect of a wider problem which is not only affecting a significant sector of the exports of many developing countries, (some of them depend to the extent of 45 or 80 per cent on exports of a single mineral) but also exercises a negative pressure on the levels of investment needed to ensure supplies for manufacturing industry in an economic cycle of expansion.

6. It might be premature at this juncture to suggest measures or precise approaches for examining the trade problems of the non-ferrous-metals sector within the GATT system. We therefore consider it appropriate to begin by equipping ourselves with the studies necessary to enable us to identify with precision the mining-trade problems that can be dealt with effectively within that framework. Studies similar to those made by the GATT secretariat on the specific problems of a number of tropical products would be most useful for approaching the problems of the mining sector in a manner most appropriate and satisfactory to all the contracting parties.

7. In short, we reiterate the need to include non-ferrous metals - along with agriculture, tropical products and fisheries - in the agenda of the Ministerial Meeting, since their appropriate treatment within GATT would contribute to the expansion and intensification of world trade.

8. The studies on the non-ferrous-metals trade should focus mainly on the problem of the high levels of effective protection hindering access of the semi-manufactures and manufactures of special interest for the developing countries to the markets of the developed countries, whose tariff régimes penalize, by progressive ad valorem rates, the value added to each product in the course of industrial processing.

9. The delegation of Peru wishes to make it absolutely clear that the above proposal does not imply distracting the attention which is being concentrated on the agricultural sector, where preparatory work is helping to give it due
priority. What the Peruvian proposal means is, first, that no production sector should be excluded in favour of another, and that the future work programme to emerge as a result of the Ministerial Meeting should envisage treating each sector in the manner and at the time most suited to the particular nature of its problems.

10. There are five major headings under which the contracting parties have proposed that Ministers should deal with specific issues: (a) problems facing the world trading system and encountered in implementation of GATT rules; (b) liberalization of trade; (c) structural adjustment; (d) production sectors which require priority attention with a view to liberalizing their access to markets; and (e) some sectors of economic activity not at present included in the GATT system.

11. The delegation of Peru is certain that matters proposed under those major headings will receive most careful attention by the Preparatory Committee, to ensure that the agenda of the Ministerial Meeting takes due account of the interests of all contracting parties.

12. To that end, the studies by the secretariat should be such as to serve as a basis for determining where the non-ferrous-metals sector can best be accommodated in the agenda of the Ministerial Meeting, considering that the problems relating to that sector can be examined in an item dealing with Production Sectors, or in connexion with the assessment of implementation of Part IV, or as part of a chapter concerning trade liberalization.