

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(82)149  
November 1982

CONTRACTING PARTIES  
Thirty-Eighth Session  
Ministerial Meeting  
(24-27 November 1982)

Original: Spanish

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HEAD OF THE DELEGATION OF MEXICO

1. At the thirty-seventh session of the United Nations General Assembly, José López Portillo, the President of Mexico, stated inter alia that the crisis of world trade, both in commodities and industrial goods, between the North and the South and between the North and the North, was now looming dangerously close. He said that we all wanted to export more in order to solve our problems, and to import less in order to stop the drain on foreign exchange resources and markets; but when the whole world is in a state of acute recession, the only exportable commodity is the crisis itself. He added that if the recession in the industrial countries continued to push down the prices of raw materials and restrict the entry of manufactures exported by the South, both our problems and theirs would intensify.
2. The references made in this forum, on the one hand to the problems of unemployment, inflation and high interest rates and, on the other, to the chaotic and tragic situation of international raw-material markets, the clear reduction in access to international markets for manufactures and semi-manufactures brought about by a growing protectionism and the international financial situation fully confirm President Portillo's statement. We should like to think that this important Ministerial meeting will prove to be one response to the crisis and the beginning of a process of decision-making by the countries members of GATT to overcome it.
3. The catalytic rôle of the international demand generated by the unpostponable import needs of the developing countries for sustaining the rhythm of their economic growth and development has been fully and solidly recognized in this Assembly.
4. An element noted at this conference which is important to my delegation is the recognition on the one hand that the developing countries must increase and diversify their exports to the markets of the developed countries and, paradoxically, on the other, that at the present time developing countries are encountering restrictions of every kind in trying to enter those markets.
5. The prevailing economic situation, to which all have referred, having been fully recognized, Mexico will be particularly attentive to the decisions that may emerge from these deliberations to solve, even if gradually, those problems, beginning with a decision not to adopt measures that could further worsen the existing situation.

6. It is necessary, however, for that recognition to be followed by concrete acts, particularly by those countries which, by reason of their specific weight in world trade, should face and assume the greatest responsibilities, in the interests of the correct and equitable operation of world trade.

7. Mexico not only follows these events, it tries to co-operate within the limits imposed, in every collective effort of the international community. Consequently, we would not wish to leave our views unstated in this important forum of international trade since, in the last resort, although Mexico is not a contracting party it is important in international trade.

8. What is Mexico's point of view on the problems which have been examined this year in the Preparatory Committee and in the GATT Council?

We congratulate the Chairman of the Council for his dedicated efforts in submitting document C/W/403 to the CONTRACTING PARTIES; we consider it to be the result of intensive efforts of conciliation and rapprochement between originally divergent positions, which now represents the consensus of those involved in this task. It does not represent the maximum aspirations of the developing countries, but it does reflect a realistic possibility.

9. Now, subsequent deliberations have resulted in the proposal of possible amendments or additions to what was agreed in document C/W/403. I should like to express some views on these differences.

10. On the subject of a multilateral safeguards system, or a comprehensive understanding as it is called here, if the developing contracting parties were to accept the concept of selectivity - however it may be disguised or qualified (by bilateral agreement between the parties) - they should be aware of the grave danger - and in this our country has sufficient experience - of dealing bilaterally with nations of different economic power, thus risking a situation of disequilibrium from the outset of any action.

11. As regards agriculture, we have always maintained and we reaffirm it now, that the agricultural problem, the problem of the countryside, is a special one, particularly in some developing countries. We are convinced that it should be the subject of special rules, without this leading to excessive inefficiency. Besides, it should be recognized that the economic and social position of a peasant in Mexico or in any other developing country is not, and perhaps cannot be for many years, equivalent to the level reached, with their social welfare programmes, by the farm workers of developed countries, who already enjoy a special régime.

12. The area of subsidies is particularly complicated and delicate, especially in developing countries such as Mexico, which are making great efforts to promote their exports and their economic development. Here, we

have even had the experience of receiving requests from certain developed countries (contracting parties and signatories to the Subsidies Code) to permit access to our markets for subsidized agricultural products. At the same time, however, we are immediately penalized for exporting manufactures or semi-manufactures which are the object of incentives or subsidies. It is obvious that there should be an appropriate and equitable basic balance in this matter, which up to now we have not been able to observe.

13. On the recently introduced subject of services, we are not convinced that the treatment of their effects should be assimilated to the rules of GATT which from their inception have related to trade in goods and to actions taken by countries to regulate, restrict or promote that trade. Clearly, there is no agreement on the inclusion of this subject in the work of GATT.

14. With regard to investment requirements, it must be recognized that virtually all of us, all the countries represented in this room, have tried out and operated rules, policies and/or special types of legislation to stimulate the growth of local production, either in order to promote industries, or to ensure employment, or to secure foreign exchange. It is not right that what others have in one way or another done in the past should now be disallowed for the developing countries. We are threatened with reprisals, or with the application of similar legislation. If this is the path which some parties would like to follow, they are perfectly entitled to do so, but it will only lead to a vicious circle of reprisals.

15. As to the situation of the developing countries, we have to point out that if the proposed consultation mechanisms and programmes to be carried out by the Committee on Trade and Development with the contracting parties, individually and collectively, are to carry real weight and to provide the possibility of genuine solutions for the critical trade situation of the developing countries, it would be worth while for many of our countries to study them carefully and to make constructive use of them. Furthermore, if some developed countries have stated very clearly that they are not in a position to undertake new commitments I would like to ask: how is it possible to expect greater commitments, including in new areas proposed by the developed countries, on the part of the developing countries? This is what has been called "increased integration of the developing countries in the international trading system".

16. At Cancún, Mexico's President, José López Portillo, recognized, and repeated later at the United Nations, that many of the problems of the South are attributable to the South, but also that other serious obstacles derive from relations with the North.

17. All this points to the fact that there is a broad field of action contemplated in document C/W/403, and on the other hand to the realization that there are matters which it has not been possible, because of their complexity, and at times their novelty, to deal with fully, and which therefore lack consensual support.

The fact of not achieving substantive agreement on every one of these topics would not signify or imply failure. It would be worse to reach agreements dressed in finery but without substance, and still worse to force agreements which in the long run could lead to mechanisms or systems which do not meet the needs and/or the wishes of all developing countries and all countries engaged in international trade, particularly at times of international economic tension. Recognition of this hard fact would reflect the pragmatism traditional of this body.