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I should like to begin by congratulating you, on behalf of my country and myself, on your appointment as Chairman of this Ministerial meeting; allow me at the same time to wish you every success in the conduct of this important assembly.

I also wish to extend the greetings of my Government to Mr. Arthur Dunkel, the Director-General of GATT, who with great professional skill and competence has guided the arduous work it was necessary to undertake in order to bring about the historic meeting which begins today.

My delegation is taking part in this important event in the belief that international co-operation will contribute to solving the problems of a recession of exceptional character, only exceeded in gravity by the historic crisis of 1930.

The increase in the overall expenditure of the world economy to above the levels of income it was able to generate, together with the tardy application of monetary and fiscal corrections by some developing countries, has made it necessary to maintain, for a relatively long period, a level of real interest rates much above the historical level.

National economies are now bearing an unexpected financial burden which weakens many activities; many undertakings are faced with bankruptcy; the growing weakness of the production sectors threatens the traditional solvency banking systems, which see the solidity of their financial activities undermined; and the international community as a whole is being forced to accept levels of unemployment that are incompatible with the political and social objectives of governments.

This obliges economies to face an adjustment designed to adapt consumption and investment to a lower level of income and to face the inevitable change in the structure of relative prices between saleable and non-saleable goods, so as to avoid unnecessary damage in the production and social sectors.

The measures designed to moderate consumption, reduce inflation and re-establish conditions which would attract new and larger investments inevitably weaken external markets and seriously affect production and employment, the levels of which it is mistakenly attempted to defend by adopting trade protection measures.

With a view to generating more foreign exchange and compensating for the losses sustained, fiscal policies are carried out which establish attractive systems of subsidies. But the subsidy policies, far from helping to reduce the negative effects of the adjustment taking place, still further complicate the international situation and delay the desired economic recovery.

Thus, greater distortions are introduced in the allocation of resources; the application of retaliatory measures is stimulated and increased thrust is given to the forces which seek to close international trade in those economies that are still open to it. In short, a problem of excessive expenditure which could be solved by the application of measures designed to moderate it, ends by being further complicated by the application of trade measures which cause reductions in national income that could well be avoided.

We must therefore make every effort to ensure that the commercial measures likely to be adopted will help to overcome the adverse effects of the recession more quickly.

This will occur insofar as we are able to reach agreements calculated to facilitate free trade and to ensure the stability of the rules in force in such a way as to encourage investments in the international trade sector, as an effective means of generating the resources we all need today.

I wish to refer briefly to the Ministerial Declaration we are to sign. The preparatory work has shown that the conduct of governments has often been incompatible with the General Agreement and that the GATT system has serious defects.

To this, our answer must be clear and categorical. We must assume political commitments which will halt the wave of protectionism and create the means of action by which the existing restrictions and limitations can be dismantled.

We believe that a Ministerial Declaration would suffer from fundamental imbalance if it did not contain effective commitments which frontally attack the very serious distortions created in trade by the policy of export subsidies. We must commit ourselves to a substantial and progressive reduction of these subsidies. If we fail to face this problem responsibly, the consequences will be injurious to the system of multi-lateral trade.

We must also redouble our efforts to increase the certitude and stability of international trade through an improved system of safeguards; here, we cannot depart from most-favoured-nation treatment. At the same time, we should secure the elimination of the large "grey zone" which undermines and erodes the GATT system.

We believe that the system of settlement of disputes should be strengthened, so that the existing procedures will enable contracting parties expeditiously to reach conclusions and recommendations which are clear and objective; but this must be based on the will of governments, so as to respect the recommendations formulated by the contracting parties.

We are gratified to see that the preparatory work has produced mechanisms which we suppose will be adequate to deal with quantitative restrictions and other non-tariff measures. We shall endeavour to use these mechanisms to secure arrangements which will contribute to the liberalization of trade through the elimination or reduction of restrictions, whether they apply to manufactures or to agricultural products.

The subject of agriculture has top priority for my country. The relevant studies and background show the enormous imbalance which exists in the application of the General Agreement to trade in agriculture, and also the meagre liberalization of this trade in comparison with other sectors of production. In view of this situation we support the carrying out of a two-year programme to examine the problems and make relevant recommendations. The programme should include formulation of the procedures and modalities for possible negotiations aiming at substantial liberalization of trade in this sector.

My country has adopted a development strategy based on a concept which recognizes that man has natural rights anterior and superior to those of intermediate bodies and of the State. In accordance with this concept we have implemented a series of policies designed to guarantee a maximum of freedoms, the only limitation being that they must not infringe the rights of others to carry out their own initiatives.

Thus the economy has been opened to foreign markets; the system of free prices has been given the rôle of allocating the resources of the economy; the private sector has begun to exercise its full rights in regard to personal initiative and creation; and, finally, the State has assumed its normative rôle and support of the community in those areas in which other groups of society are unable or unwilling to undertake certain activities which are necessary for the common good.

The application of this structure in an international context of moderate economic growth, had made it possible for the gross national product of Chile to be increased by 46 per cent during the period 1977 to 1981, there being a substantial increase in our foreign trade, both as regards exports, which have also been considerably diversified, and as regards imports.

This economic growth has made it possible for the country to attain higher living standards and has given the low-income population access to housing, health, education, culture and other fundamental benefits of our civilization.

Nevertheless during present recession our country has been seriously affected by heavy losses in income, due mainly to the increased financial cost of servicing the foreign debt and to the fall in prices of practically all the goods and services in our economy.

This has directly affected our exports and also caused a heavy fall in imports, which will be reduced by more than one third compared with the previous year, all of this taking place under conditions of absolute freedom of trade.

In view of the foregoing we are seeking to increase the competitiveness of our saleable products by exchange, labour, monetary and fiscal measures, in order to improve their positions in the relative price structure and reduce the burden of taxation on them. It is sought thus to achieve expansion of our exports and to produce a surplus in the balance of trade which will serve to finance our current account requirements.

Chile has maintained and will continue to maintain its structure of low and equal tariffs, establishing only occasionally and as a temporary measure within the framework of GATT, partial modifications designed to eliminate the disruptions caused by unfair practices to promote exports.

Finally, I should like to say that my Government is firmly convinced that by its economic policy of opening the country to international trade, it will be able more quickly to overcome the negative effects of the international recession and thus to resume the faster growth rate it enjoyed in former years.

In an interdependent world, the prospects for recovery of our economies and for overcoming the present crisis will be frustrated if we persist in the regressive shortsightedness of protectionism. In this spirit I conclude by expressing the wish that the success of this meeting will lead us to more intensive trade between the contracting parties, as an irreplaceable basis for faster economic and social development.