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INDONESIA

Statement Circulated by Mr. Mohammad Hasan,
Minister for Industry and Trade

Let me begin by extending our heartfelt gratitude to the Government and people of Switzerland for their warm hospitality, as well as expressing our sincere appreciation to the Director-General, Mr. Renato Ruggiero, and his able associates in the WTO Secretariat for their valuable assistance in the preparation of this Conference. May I also commend the General Council under the chairmanship of Ambassador John Weekes for their diligent efforts in preparing the ground for our work.

We gather here, first and foremost, to celebrate the 50th Anniversary of the multilateral trading system, which in the last half of this century has played an essential role in expanding global trade and brought so much benefit to the world economy. Indeed, since its inception in Havana in 1948, the multilateral trading system has come a long way. And, through eight rounds of comprehensive negotiations and countless specific improvements, has managed to adjust itself and to develop the system in keeping with the changing world economic situation. Today, while continuing to pursue its original mandate to raise standard of living, to ensure full-employment, to expand production and exchange of goods, the system is also expected to contribute *inter alia* to sustained economic growth and sustainable development, particularly of the developing countries.

For its part, Indonesia has always firmly committed to the multilateral trading system. In the last thirty years of seriously engaging in economic development, we have made every effort to consistently align ourselves with, and to integrate our economy into, the evolving multilateral trading system while contributing to its development. On the auspicious occasion of this 50th Anniversary of the multilateral trading system it would be appropriate for us to rededicate ourselves to the strengthening of the system and making it even more open and effective, but also more just and equitable.

As has been agreed upon, we shall also put substance into this celebration by reviewing the current state of the multilateral trading system. It continues to be a matter of concern to us that four years after Marrakesh and 18 months since Singapore, the implementation of the Uruguay Round Agreements is yet to fully meet our expectations, and that much of their promises remain unfulfilled. It is thus clear that the question of implementation is by no means a simple and clear-cut issue. One persisting problem of implementation is a lack of technical ability experienced by developing countries, particularly the least-developed countries, in fulfilling some of their obligations. In this regard, while appreciating the efforts undertaken so far, we urge the WTO to provide the necessary technical assistance to those countries in need. We are also dissatisfied with the progress of the application of the provisions on special and differential treatment for the developing countries. Therefore, we urge that strengthened commitment should be made and concrete action be taken regarding the implementation of these essential provisions.

No less important problem in the implementation is measures taken by some Members which may not violate the letters of the Agreements but clearly in contravention with their spirit. As an example, the cases of transitional safeguards measures, unilateral rules of origin and back-loading in

the implementation of the Agreement on Textiles and Clothing which has delayed the benefits for exporters. Therefore, developed importing countries should faithfully adhere with the spirit of fully integrating the textile and clothing sector into the system. The abuse of anti-dumping provisions is another clear example of the problem of implementation which should be speedily resolved. Hence, WTO Members should demonstrate their political willingness to abide not only with the letters but also with the spirit of the Uruguay Round Agreements. A more notable example of the violation of the Agreements is the use of discriminatory trade action and the extra-territorial application of national legislation on other countries. This must be outrightly rejected.

We are fully aware that, as in the past, the multilateral trading system needs to follow the evolution of the world economy. However, considering that there are important pending issues left over by the Uruguay Round negotiations, we should, in the next few years, concentrate our efforts to undertake activities mandated in the Build in Agenda, and resist the temptation of venturing into comprehensive negotiations on new areas. This does not mean that Indonesia does not wish the WTO to move forward. In fact we continue to support the Ministerial Decisions taken in Singapore which are intended to deepen understanding and to build mutual confidence on some new issues. We are even encouraged with their progress so far. But we continue to believe that the outcome of these activities should not prejudice the future works on those issues.

One among our unfulfilled objectives is to make the multilateral trading system truly universal. Therefore, as a matter of principle, Indonesia has always supported countries wishing to accede to the WTO Agreements. We are also of the view that the acceding countries should not be asked for higher levels of commitments beyond those made by countries who had joined the Organization earlier. We hope that all pending processes for accession could be completed as soon as possible.

While firmly committed to the multilateral trading system and fully supportive of the aim to make the system universal, Indonesia also recognizes the crucial role played by the regional trading arrangements. It is our considered opinion that the two are not mutually exclusive and should be complementary to each other. In fact the regional trading arrangements could represent constructive building blocs for a solid multilateral trading system. This complementarity presupposes that the regional trading arrangements should be fully consistent with the principles and rules governing the multilateral trading system and that they maintain the basic tenet of open regionalism, so that others may also benefit from the arrangements. On the other hand, the multilateral trading system could also learn from the positive experiences gained by regional trading arrangements.

We are meeting against the backdrop of the financial crisis in Asia with its profound impact on other sectors and widespread ramification to other regions. It is to be ironically noted that the affected countries have all been dynamic performers that have pursued policies of opening up their economies and liberalizing trade and investment. In this context, while not being the cause of the crisis, trade should represent an essential element for its solution through consistent trade liberalization by all. For their part, in conducting drastic structural adjustment often with enormous social cost, the affected countries, like Indonesia, are consistently pursuing their trade liberalization process. In order to make trade a really effective element of the solution to the crisis, it is hoped that all trading partners also allow greater market access for products of export interest to the affected countries. Furthermore, it now becomes urgent for all of us to have a deeper understanding on the relationship between trade and international financial and monetary stability.

Now that the phenomenon of globalization has been with us for quite some time, one lesson to be drawn is that, while it brings about both opportunities and challenges, both benefits and risks, it is essentially a blind force which has no regard between the strong and the weak. Therefore trade, which could serve as an effective instrument in the management of globalization, must contribute to minimize all its negative impacts and to capitalize its benefits to be shared equitably by all. This is the most important challenge of the WTO in the future.
