

MINISTERIAL CONFERENCE
Second Session
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MALAYSIA

Statement Circulated by The Honourable Dato' Seri Rafidah Aziz, Minister of International Trade and Industry

1. The Second Ministerial Conference provides an important opportunity to review the achievements and shortcomings as well as challenges facing WTO Members especially the developing country Members in implementing their existing Uruguay Round commitments.
2. While WTO Members are making serious efforts to fulfil their obligations, the full and meaningful implementation of the UR commitments have yet to be fully realized. For example, an assessment of the first two stages of integration of textiles and clothing has revealed lack of real meaningful liberalization. Many of the items phased-in were not trade significant to developing country Members. We urge our trading partners especially the major textile importing Members to provide better market access opportunities to textile and clothing exports.
3. Market access benefits from the implementation of Uruguay Round commitments should not be undermined by unilateral and extraterritorial measures, as well as linkage between trade and extraneous issues. We are concerned anti-dumping and countervailing measures have been used as instruments for trade harassment.
4. Exports of timber products have been adversely affected as a result of anti-tropical timber campaign. Indiscriminate labelling requirements on latex-dipped products have also affected Malaysia's exports. Anti-dumping margins have been arbitrarily established using constructed value. Malaysia's exports of shrimps to the US have also been adversely affected by an extraterritorial application of environmental standards.
5. The effective implementation of the WTO Agreements should be accorded high priority to ensure the credibility and effectiveness of the multilateral trading system.
6. Many developing country Members are still facing difficulties in implementing the UR commitments. Technical assistance should be continued and further intensified to assist them to meet the challenges and opportunities arising from implementing the Uruguay Round commitments. It must also facilitate their effective integration into the multilateral trading system.
7. The implementation process should ensure that special and differential treatment accorded to developing countries are recognized and respected. The transitional periods enjoyed by developing countries should not be questioned.
8. On trade and environment, Malaysia supports the continuation of the ongoing discussions in the analytical process covering various aspects of the Committee on Trade and Environment taking into account the special situation and needs of developing countries. Divisive issues such as

mandatory compliance on eco-labelling and environmental standards where they clearly do not enjoy consensus in the WTO should be avoided. Environmental issues should be more appropriately addressed multilaterally in the context of multilateral environmental agreements.

9. Malaysia is encouraged to note that currently there are 31 applicants involved in accession negotiations. Malaysia welcomes and supports their timely accession as they would contribute to and benefit from the multilateral trading system. Countries which have applied to join the WTO should undertake to offer meaningful market access commitments to facilitate their accession. Appropriate technical assistance should also be provided to developing countries to facilitate their accession.

10. Discussions in the various Working Groups namely on trade and investments, trade and competition and transparency in government procurement are progressing steadily. However, there are still many areas which require further study. These Working Groups should continue discussions in an educative mode with the view to promoting a better understanding of the issues. They should not be rushed into making hasty recommendations which prejudge the need for negotiations.

11. We note that the report of the Director-General has identified several initiatives to assist the least-developed countries to integrate effectively into the multilateral trading system. Malaysia is fully supportive of these initiatives and will positively contribute towards WTO's efforts in this direction.

12. On future activities, it is Malaysia's view that the WTO should focus on the work relating to the built-in agenda of the WTO Agreements and other work where there is consensus.

13. The built-in agenda constitutes a sizeable forward looking WTO programme to provide the basis for further liberalization. The WTO is mandated to review and negotiate a wide range of areas including agriculture, services, rules of origin, intellectual property, trade-related investment measures, subsidies and dispute settlement procedures.

14. In Malaysia's view, the negotiations and reviews to be carried out in the context of the BIA should not lead to more onerous obligations particularly to developing country Members and should fully take into account the principle of progressive liberalization. More importantly, the special and differential treatment provisions accorded to them must be recognized and acknowledged in spirit and in practice in the work programme of the WTO.

15. There must be adequate preparatory work initiated to facilitate the commencement of negotiations as well as reviews envisaged in the BIA. The experiences and difficulties faced by Members particularly the developing countries in implementing existing agreements should be taken into account in preparing for these reviews and negotiations.

16. Specifically, Malaysia would like to reiterate that the work on emergency safeguards in the GATS need to be completed within the agreed time-frame. This mechanism is important to encourage developing countries to positively continue towards liberalization. On dispute settlement procedures, changes sought should not undermine the current practice of having disputes resolved under the WTO multilaterally. Bilateral resolution of trade disputes which are multilateral in nature should be avoided as this could disadvantage third parties affected by the measures.

17. This Conference will establish a preparatory process and Malaysia would like to emphasize that a clear distinction is made between contractual obligations that provides for continuing negotiations and issues still under study. It is important to avoid any prejudgment of agenda for future activities of the WTO. The mandated negotiations as well as the reviews under the built-in agenda should proceed on schedule and already constitute a sizeable future WTO work programme to provide the impetus to bring about further trade liberalization.

18. Malaysia, as well as several other countries in South-East Asia are preoccupied with the problem of economic recovery and alleviating the negative impact of the financial turmoil.
 19. It is clear that globalization and liberalization not only foster integration of markets but also competition among countries. While the move towards a global market place may be irreversible, the process should not be left entirely to market forces.
 20. Industries in developing countries may not have reached a stage where they are able to take full advantage of the trade and investment opportunities in other countries. In many instances, the pursuit of attaining national development objectives has to be reconciled with globalization and liberalization. Hence, a pragmatic approach in trade and investment liberalization is necessary.
 21. Liberalization policies should be properly sequenced and phased gradually as industries in the sectors in question acquire the necessary competitive strength in international markets.
 22. This will help ensure market forces are not manipulated by the big players to the disadvantage of developing countries particularly those with small domestic markets.
 23. The financial turmoil in Asia affecting several WTO Members is not an isolated or unprecedented phenomenon with increasing globalization and liberalization. In the present decade, we have witnessed such currency volatility in both developed and developing countries with serious impact on growth, employment and development which will result in global implications, including trade, if left prolonged.
 24. The pace of recovery of the affected Asian economies will not only depend on how effectively the problems are managed in the countries concerned but also on the policy responses of international financial institutions and the preservation of adequate growth in world markets. Policy prescriptions must be realistic taking into account the special situation and needs of the developing countries. The WTO, as the leading trade forum needs to be sensitive and pragmatic in such circumstances.
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