

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MALAYSIA: STATEMENT BY H.E. TENGGU RAZALEIGH HAMZAH,
MINISTER OF TRADE AND INDUSTRY,
AT THE MEETING OF THE GATT CONTRACTING PARTIES
AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

I should like to begin by offering, on behalf of the Malaysian Delegation, our congratulations on your election as Chairman. We are confident that under your able leadership and guidance, this complex yet singularly important meeting will produce fruitful results. I would also like to express our heartfelt gratitude to the people and Government of the Oriental Republic of Uruguay for the generous offer to host this meeting.

External trade is a single most important factor that contributes to Malaysia's development. Our export earnings account for more than half of our Gross National Product. At the same time, Malaysia imports a wide range of manufactured goods particularly investment and capital goods which are much needed for our development projects.

As a trading nation, Malaysia places the highest importance on a strong, open and viable multilateral trading system. The continued market access for our exports into the markets of our trading partners is of vital importance to our national development efforts. We believe the system that has evolved under the GATT need to be strengthened to allow for more equitable participation of developing countries such as ours alongside industrialised countries in the conduct of international trade. The right to develop does not belong exclusively to those who have dominated world trade thus far. Neither should rule-making for the international trading system be the imposition of the interests of the strong at the expense of the weak.

Regrettably, the framework as provided for by the GATT has had to bear strong challenges in recent years. The world economic slowdown has been made an excuse by many contracting parties to impose a barrage of protectionist measures in the wake of domestic pressures. There has also been a recourse by major contracting parties to arrangements contrary to GATT principles to overcome bilateral imbalances, a proliferation of grey area measures and a mounting preference for the use of subsidies to prop up inefficient sectors. Surplus production in agriculture resulting from heavy subsidies are unloaded onto the world market in the name of food aid thus accelerating the downward trend of prices of agricultural produce and displacing developing countries in third world markets. At the same time, some contracting parties frequently resort to harassment tactics against developing countries as a means to cover up the shortcomings and inefficiencies of their domestic industries. Countervailing duties investigations have become fashionable and are conducted at will against developing countries, penalising them for their comparative advantages

regardless of the small volume and value of the affected exports. All these add up to the erosion of the very fabric of the GATT and the framework it provides for growth in world trade and international economic cooperation.

The effects of the world economic slowdown does not discriminate against any of us. However, they hurt developing countries like Malaysia more and impose a heavier penalty on our development efforts in the face of declining foreign exchange earnings due to the imposition of barriers to our exports and due to the declining prices of primary commodities which form the mainstay of our exports. Our presence together with contracting parties here in Punta del Este clearly demonstrates our desire to seek a common solution to the serious and pressing problems facing the world economy.

All of us, developed and developing alike, have all to gain from a revitalised multilateral trading system. For this reason Malaysia and her partners in ASEAN have consistently supported the call for a New Round of Multilateral Trade Negotiations.

Malaysia notes that there are three draft texts to be considered by contracting parties in this meeting. My country has participated actively in the preparation of the text (86) W/47/Rev.2. We are of the view that the text contains most of the issues of interest to contracting parties. However, there still exist certain shortcomings in the text. Several issues of concern to us such as tropical products have not been dealt with satisfactorily. Nevertheless, given the broad support it has received, Malaysia is of the view that it can form a basis for our discussion and further work at this meeting.

I would like to reiterate Malaysia's stand in the New Round as follows:

First, it is vitally important to adhere to the strict and full application of the special and differential treatment to all developing countries throughout the negotiations.

Second, there need to exist firm commitments to the implementation of a standstill and rollback of protectionist measures at the commencement of negotiations as well as the establishment of an effective mechanism for the surveillance of such commitments.

Third, transparency should prevail in all negotiations in the New Round and that the principles of the General Agreement should be adhered to in order to ensure mutual advantage and increased benefits to all participants.

Fourth, the establishment of a special negotiating group on tropical products should be provided for in the final declaration so as to facilitate early conclusion and immediate implementation of the results of the negotiations.

Fifth, there should not be any linkage between the progress of discussions and the concessions offered in the traditional issues and those offered for new issues.

Sixth, the New Round should obtain the widest participation of the international community and should aim for an early conclusion, not later than four years from the date of its launching.

Finally, all results of the negotiations should be brought before the CONTRACTING PARTIES so that decisions could be taken regarding their formal endorsement, implementation and incorporation into the GATT.

There are a number of other topics before us that need to be addressed to. We cannot ignore the problems brought about by low prices in commodities, world indebtedness and the instability in our monetary system. These may not form the core issues before this gathering but in this interdependent world, current crises in such areas do cast their shadows over trade and the GATT. The next round should give due attention to the inter-linkages of commodities, finance, indebtedness, development and trade.

It is my sincere hope that there will be less rhetoric in this august meeting since more than ever before there is a tangible need and commitment to restore confidence in the multilateral trading system in the GATT. With this aim strongest in our minds, I am confident that before delegations return to their respective countries, there would emerge from this Ministerial meeting the reaffirmation by the Ministers present here of their commitment to an open international trading system through the launching of a New Round of Multilateral Trade Negotiations.