

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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INDONESIA: STATEMENT BY H.E. MR. RACHMAT SALEH, HEAD OF THE DELEGATION,  
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL,  
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

We are gathered here today in this beautiful city of Punta del Este, many of us coming all the way from distant countries, because we all share the belief that urgent steps are needed to prevent further weakening of the multilateral trading system. During the last decade, particularly since the world recession started in 1980, the international trading system has progressively become less efficient and less equitable. This downward trend is bound to continue unless the international community agrees to take proper action.

For most countries, particularly for less developed countries, the deterioration in the functioning of the world trading system has had serious consequences. Many of these countries, which are very dependent on the expansion of trade for their development, saw their economies faltering, and in many cases became stagnant, due to the declining volume of world trade.

One major cause of the declining trade volume, was the failure of major industrial countries, which are the most important markets for less developed countries exports, to maintain a steady and satisfactory rate of growth. The situation became even worse because many of these countries adopted restrictive trade policies, often violating existing GATT rules and detrimental to the export interest of developing countries.

My Government believes that it is essential that the world trading nations make determined efforts to stop moving in the dangerous direction they have taken in their trade measures and policies. Although reversing the present drift toward protectionism will not be easy, it should be possible to make policies more predictable and more in line with GATT rules and provisions. The primary objective of this meeting of GATT CONTRACTING PARTIES is to find ways and means to revitalize world trade and to enhance GATT's credibility as the primary forum for multilateral trade co-operation.

Experience has shown that the temptation to restrict trade for reasons of overriding national interest is very strong. The answer to this tendency is a mutual and firm commitment particularly by major trading nations to a standstill and rollback of trade restrictions. These commitments should be monitored closely and duly enforced.

A New Round of trade negotiations will be a failure unless meaningful progress can be made towards liberalization in various sectors where GATT rules presently do not apply. In recent years, many recourses have been made to arrangements not covered by the provisions of the GATT in order to overcome difficult trade situations. I am referring to the so-called "grey areas" measures.

The worst example of the current array of protective measures is trade in textiles and clothing, one among many sectors which are technically under GATT coverage, but in fact is not effectively governed by the GATT. The return of trade in textiles and clothing to the rules of GATT is of utmost importance to countries where export earnings from this sector constitute an important part of their total foreign exchange revenues.

Natural resource-based products is another sector of trade interest to Indonesia that needs to be liberalized and negotiated in the New Round. Negotiations should aim at eliminating distortions to international trade in this area and developing a more predictable trading environment for resource-based and related industries.

I also feel that the extent of protection of semi-processed and processed products is another major obstacle to the economic development of the developing countries, including Indonesia, where industrialization based on comparative advantage implies the structural change from exporting primary products to semi-processed and processed products. Developing countries will be enabled to significantly increase their foreign exchange earnings if exports of some major semi-processed or processed commodities are liberalized from tariff escalation imposed by major developed trading partners. Yet it is exactly such changes that protection in the form of tariff escalation prevents.

My country's foreign exchange earnings is highly dependent on export of tropical products. We have registered our disappointment that during the previous Round of Multilateral Trade Negotiations the sector of tropical products has not been adequately negotiated and results were not fully implemented.

My delegation strongly supports that tropical products should receive special treatment as a priority sector in coming negotiations. The negotiations should aim at the fullest liberalization of trade in these products, including in their processed and semi-processed forms and cover tariff and non-tariff barriers. Agreements reached at an early stage in this sector shall be implemented immediately. We also feel that a separate negotiating group for tropical products should be set up to deal with this issue adequately.

Indonesia feels that a unanimous and firm commitment to continue the application of the principle of special and differential treatment for developing countries in all areas of negotiations is essential if we wish to have fair trade conditions for developing countries. We urge the developed countries to ensure that there will not be an erosion of this principle and request that liberal access to markets will be accorded to developing countries without insisting in return concessions that are not consistent with their financial, economic and development needs.

With regard to the three texts of the Draft Ministerial Declaration, my delegation, together with the other member countries of ASEAN, is of the view that the Swiss-Colombian Draft contained in document PREP.COM.(86)/W/47/Rev.2 includes most of the issues of interest to contracting parties. Although my delegation feels that certain issues of interest to my country have not been satisfactorily accommodated, nevertheless we believe that the document can be used as a basis for further negotiations in this GATT meeting.

In order to be brief I have confined myself to a few points which I consider particularly important.

To conclude, I wish to take this opportunity to thank the Government and the people of Uruguay for the hospitality and excellent arrangements extended to us.

I am convinced that the "Uruguay Round" which we are about to launch would be a success if we collectively exercise our political will to solve the present crisis in the international trading system.