

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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MALAYSIA

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The conclusion of the Uruguay Round marks another important milestone in international economic cooperation and provides the foundation for strengthening of an open trading system. It is a signal to the world that multilateralism is the universally acceptable trading norm and that trading nations are opposed to any tendency towards steering away from that norm.

The environment created now is expected to be conducive for the further development of world trade, that can in turn, provide the impetus for global economic growth, and no party should be allowed to take measures that would negatively impact on the expansion of world trade. Malaysia is concerned with the destabilizing trend that is emerging as a result of unilateral measures taken by some major countries to resolve bilateral trade disputes. Such actions would, in fact, undermine the overriding objective of the strengthening of the multilateral trading system that the Uruguay Round had strived for.

The trend towards managed trade and the imposition of unilateral trade measures must be checked. It is paradoxical to see that when most countries, particularly the developing countries, as well as the former centrally-planned Eastern bloc economies, have taken unilateral measures to liberalize their trading regimes, and integrate into the multilateral trading system, some of the major trading entities are opting towards a controlled and managed international market system.

Malaysia is committed to an open and strong multilateral trading system, and attaches much importance to this Round of multilateral trade negotiations. As an export-orientated economy, with exports accounting for more than 70 per cent of the country's gross national product, Malaysia believes that her trading interest would be best pursued through a durable and open multilateral trading system. Malaysia had made positive and substantial contributions in the negotiations in market access and services and the scope of bindings of Malaysia's tariff lines would be significantly increased from 1 per cent in the pre-Uruguay Round situation to 65 per cent. Malaysia's trade weighted tariff for industrial products will be reduced to 8.9 per cent from the 10.2 per cent before the Uruguay Round.

Although she has little to gain in the medium term from the General Agreement on Trade in Services, Malaysia has made substantial offers in the services sector, including the financial services sector, to underscore the country's commitment towards a progressively liberal multilateral trading system in services. Malaysia's offer on financial services is significant given the already very high foreign presence in her financial sector, which is the result of unilateral liberalization measures implemented even before the Uruguay Round. Malaysia will continue with such unilateral liberalization in the financial services sector, at a pace dictated by the national policy objectives, to ensure that foreign participation will benefit both Malaysia and the foreign partners

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The Uruguay Round package of results presents both challenges and opportunities to all. The package has not met all of Malaysia's concerns and interests and the developmental concerns of developing countries have not been fully addressed, due to the accommodation of the concerns of some of the major trading countries. Notwithstanding that, Malaysia sees it as a positive step towards bringing some form of discipline to the heavily subsidized world trade in agriculture.

There are substantive obligations that Malaysia will have to undertake as a result of improved trading rules, but we see the improved trading rules as contributing to a more open, predictable and transparent international trading environment. It must be ensured that the improved rules in areas such as anti-dumping and countervailing measures, will help curb the use of such instruments for protectionist purposes.

Malaysia is set to undertake all the commitments in the Final Act and will take the necessary steps to modify its policies and measures, to bring them into conformity with the Uruguay Round Agreements, although some of the adjustments that have to be made would not be easy.

It is imperative that all countries focus their efforts on the effective implementation of the results of the Uruguay Round, and be collective in the resolve to refrain from taking measures that could hamper the smooth implementation of the Uruguay Round results.

Malaysia is strongly opposed to recent moves by major trading countries to link trade with extraneous issues, such as labour standards, and other social issues under the guise of the so-called "social clauses" and the use of political leverage in trade and trade negotiations.

International labour standards and worker right issues should appropriately be dealt within the ILO, and not the WTO. The linkage of trade with the issue of labour standards or social issues in the WTO would in effect provide a convenient cover for trade protectionism and a step in that direction would negate the efforts undertaken in the Uruguay Round to liberalize and expand world trade.

The question being asked is whether the developed countries and the labour organizations in the countries which are in the forefront on this issue, are genuinely concerned about the welfare of workers in the developing world, or whether their action is merely an attempt to reduce the competitiveness of exports from developing countries.

Issues on the environment are now clearly being used to promote protectionist motives, particularly to keep out imports from countries which have a better competitive edge and comparative advantage. It is important that the WTO seriously examine the impact on trade of environmental measures being undertaken by some trading nations. We do not want to see unilateral trade measures being adopted, under the guise of achieving environmental objectives, which has the effect of restricting trade.

Malaysia will work with other countries in the Preparatory Committee for the World Trade Organization (WTO) to ensure a smooth transition from the GATT to the WTO. The Preparatory Committee should only focus on institutional and administrative matters necessary to bring the WTO into force. Any discussion on the future work programme of the WTO should be taken up in the WTO itself and within the mandate of the WTO Agreement.

The Uruguay Round entails a package of commitments from the member countries in the GATT. It is important that all those commitments are fulfilled, and that no party should deliberately introduce new elements into this eleventh hour meeting that can sidetrack the seven years of negotiations and deprive the world of a sound and viable multilateral trading system.