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The World Trade Organization (WTO) will be celebrating the 50th Anniversary of the multilateral trading system during the course of its second Ministerial Conference. It is with great satisfaction and, indeed, with a sense of pride, that the 132 Member countries participating at the Conference will pause to register the progress and to acknowledge the achievements that have been made possible during the last 50 years through the GATT initiative.

Without any doubt, the establishment of the multilateral trading system has made an important contribution towards growth, employment and stability by promoting the liberalization and expansion of trade and by providing a framework for the orderly conduct of international trade relations. The results attained over the past years underline its fundamental importance for the prosperity of the world economy whilst the rapid pace of change and of global economic integration pose formidable challenges for the future.

On this particular occasion it is perhaps appropriate to look at the path we went through over the past 50 years. We also need to look into the future in order to chart a winning strategy that would reflect our common ambitions and aspirations.

The historic Agreement reached at Marrakesh in 1994, which led to the creation of the WTO, must be hailed as a triumph to the principles of fair, freer, open and non-discriminatory trade; principles that have been moulded into their present form over time in the chequered history of GATT since 1947. Through the celebrations of this Golden Jubilee, the WTO will be demonstrating once more to the world at large its determination to continue with the work that is necessary to ensure that there will be trade without discrimination and according to fair competition. The work that still needs to be done is voluminous and will be no mean task. However, the 50th Anniversary celebrations will give an opportunity to the 132 WTO Member countries to assess their situation and to reaffirm once again their commitment to the reduction of barriers to trade, as well as to reaffirm their commitment to transparency in domestic laws, regulations and practices.

The success of the multilateral trading system has been underpinned by the belief that an open international trading system, and its role in promoting economic prosperity, is an essential element in international peace and stability. Following a period of economic destruction and depression, when turning inwards created a descending spiral of declining output and trade, the only route to economic reconstruction and recovery depended upon progress towards open markets and liberalized trade.

Stability and predictability in international trade relations are only secured through a mutually agreed system of rules, binding on all Member countries and enforceable through dispute settlement. The centrepiece and guiding idea of such a system is non-discrimination that helps to manage the interaction among different national economies.

There is no doubt that trade liberalization within the WTO rules-based system has facilitated trade on a global basis. World trade statistics prove this. The scope and pace of change in the international economy offer opportunities for improved growth. At the same time, developments outside one's domestic jurisdiction may require adjustments internally, both socially and economically, and there are times when these developments and adjustments pose serious problems and difficulties, which need to be addressed effectively. We would be deluding ourselves if we do not acknowledge this, and worst still, we would be inflicting injustices to the less resilient if we do not provide acceptable solutions or the necessary aid where necessary.

Right from the beginning the overriding mission of the trading system to improve human welfare has been clear. The preamble to the GATT emphasises that trade liberalization should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income. For over 50 years the system has fulfilled that mission in a way which has made an immeasurable contribution to creating a more prosperous and stable world. Furthermore, the WTO is implementing several initiatives that provide the foundations upon which to build for the future.

These developments provide important frameworks within which governments can endeavour to promote prosperity. This is also relevant for small economies like Malta. We have an open economy with no natural resources. Thus, our economic strategies are essentially dependent on international trade; with manufacturing, tourism, ship repair and shipbuilding, transshipment activities and financial services being the main sources of growth. The Maltese Government believes that the private sector should provide the main stimulus to economic growth and that a properly managed multilateral system can promote and support sustainable development.

The Maltese Government also supports initiatives being taken to further a more efficient trade in services. We have manifested this commitment through our offers in tourism, insurance, merchant shipping and financial services. We are also following very closely the discussions and negotiations that are taking place in other sectors.

Indeed, what we are witnessing in trade matters at the international level is a sustained process by all parties concerned to agree the ground rules in all spheres where trade is to be conducted; the hammering into shape of sound good practice on a global scale at a pace of the trade liberalization process that the Members of the WTO can agree to and follow. This process has already been set in motion, is endorsed by 132 Member countries, and is being actively followed at the international fora with experts from around the globe debating issues and finding consensus on the implementation process and the pace with which this should be undertaken. The in-built strength of the WTO lies in the fact that it operates by consensus and that all Member countries are committed to its rules. What can be implemented immediately and what time is necessary for some countries to adjust themselves to the new trading scenario must always be kept in focus: otherwise the less efficient economies will be adversely affected and may suffer from the effects of impoverishment. The WTO, while furthering the interests of the developed and developing Member countries, must keep in focus the effects of decisions taken on all its Members, notwithstanding that a consensus may have been reached for those decisions. The wisdom that has been shown in developing the concepts of non-discrimination and open free trade must also be shown in keeping a constant watch for negative effects where these occur. It seems reasonable that the WTO acts as a facilitator by setting up the necessary structure to work out, through the consensus process, an appropriate programme for those Member countries that manifest that they would be significantly adversely affected by decisions taken by WTO.

We note with satisfaction that the multilateral system has also broadened and deepened the agenda to take account of new realities in international economic relations. The incorporation of trade in services brought an investment dimension into the system, and rules have been developed for the

protection of trade-related intellectual property rights. We also see progress being made on the relationship between trade and investment, trade and competition policy and procurement that were launched in Singapore.

The need for the system to accommodate changing realities such as the rise of the information economy and technological advances in transportation, creates unprecedented opportunities as well as challenges of ensuring that the benefits from these new developments are widely spread. The challenges facing governments today and in the future call for concerted action on a variety of fronts. Moreover, new issues such as electronic commerce are increasingly demanding some pro-active response at a multilateral level.

While several negotiations such as on agriculture, services and aspects of intellectual property are already scheduled for the new century, trade issues will continue to move to the centre of debate as trade policy continues to move beyond simple border tariffs towards deeper issues. Indeed, one of the objectives of the second WTO Ministerial Conference is to agree a work programme for the next two years. As can be deduced from recent speeches by the Director-General of the WTO, in all probability the way forward for the WTO will be to continue to work for consensus building for free trade in all its aspects with no barriers of territory or space, and with equal opportunities for all. Needless to say this is an arduous task and not easily attainable. It also implies that where conditions and restrictions on free trade remain, the overriding principle should be that rules and regulations applied by WTO Members must be fair, non-discriminatory and consistently applied. In the way forward, there will also be the need to re-enforce the decision taken in the Singapore WTO Ministerial Conference that while the WTO should concentrate on trade liberalization and trade-related matters, it should also render its support, and offer its expertise, to other international institutions in full recognition of their respective role and competence. It is an acknowledged fact that globalization drives us to establish linkages not only related to trade but also to a wide array of other aspects. The ultimate aim would still be that of fostering economic growth as well as international stability and a better quality of life.

In the light of the advancement of technology, the system should keep pace with the technological frontier. Breakthroughs in information technologies and telecommunications are borderless while opening unprecedented opportunities to reach new global frontiers. The impressive development of telecommunications and information technologies will reduce significantly the physical marginalization of an increasing number of people in areas such as health care, through the development of telemedicine, and of education through long-distance learning. In view of these advancements, the role of the multilateral trading system is to ensure that policies and regulations are in place so that the benefits reaped are shared equitably among all the countries. The WTO is already working on programmes in this direction, especially in telecommunications and information technologies.

A significant development over the years, first through GATT, and now through the WTO, has been the creation of the rules-based discipline in all aspects of trade. This allows economic development on a global basis while mitigating some of the negative impacts of free trade by the introduction, as necessary, of reforms at a pace that can be sustained by the participating countries. The vision that is being projected to date is one that would remove barriers to trade in a progressive manner and at a sustainable pace; a vision that would ensure that all trade is conducted in a fair and equitable manner and in conformity with rules and regulations which give access to fair opportunities. It is understood that the WTO work programme for the coming two years will be structured in this manner.

There is no doubt that there is a vision within the precepts of the WTO, an "ideal scenario", which is very difficult to achieve at least in the foreseeable future. Work to make this vision a reality is being pursued in WTO with the utmost intensity and at a sustainable pace, but always with the

consensus building negotiation process strictly adhered to. Results achieved to date are encouraging and virtually embrace all sectors of economic activity.

One of the main priorities of the WTO is to continue the momentum towards universal membership of the system. This implies the completion of the accession negotiations currently under way without compromising the system's basic rules, rights and obligations. Within this spirit, the successful accession of new countries is also important to further strengthen the WTO as the body capable of effectively managing a trading system of global proportions and scope. Moreover, another dimension to universality is the need to ensure that all countries have the capacity to participate fully in the global economy.

In this regard, regional agreements have made a positive contribution to the liberalization of world trade. In many cases, regional arrangements have provided stepping stones for integration into the global trading system. Moreover, regional integration has offered countries an opportunity to start resolving issues that would be more difficult to resolve in the wider multilateral context.

This view is supported with the experiences in Malta, particularly with regard to the Association Agreement with the European Union, which accounts for some 80 per cent of Malta's international trade transactions. This does not imply that Malta prefers regionalism *per se*. Indeed, while regionalism can provide an important complement to the multilateral system, it is not its substitute.

As can be expected, the liberalization process in a complex international forum is a laborious one and this is why it must be built on consensus. The impact of decisions taken places significant responsibility on the WTO to ensure that the benefits that should accrue from such an exercise would ultimately serve humanity best. This is a long order, which is clearly difficult to achieve. Furthermore there is an onus trust upon each Member country to safeguard the interests of the least able among its citizens. Members must organize themselves better and restructure according to their needs and capability. They have also the moral obligation to protect the least able of their citizens to be in a position to cope with the extra burdens that emanate from such a process of liberalization.

The WTO can also contribute towards a full partnership of today's least-developed countries in the global economy. Indeed, a number of Member countries are exploring steps that can be taken to increase market access for the least-developed countries by extending existing preference schemes, particularly in areas such as textiles and agriculture. Moreover, one needs to explore ways that would enable least-developed countries to have better access to the continuous advances in information technology.

As we approach the next millennium, developed countries will continue in their march forward with an agenda that seeks to extend the principles of free trade from a regional to a global and finally to a universal dimension. They must, however, also seek to support and help both developing and least-developed countries to overcome the real difficulties that they invariably encounter in order to adjust to open competition within appropriate time-frames.

At fifty, the multilateral trading system has not reached the end of the process but rather the beginning of a whole new phase. The need for greater security and stability through multilateral rules propels the WTO towards the centre of a new global economic system, deepening the need for transnational rules, while vastly widening the scope and number of economic actors. Today, the WTO faces new challenges and opportunities. It has a catalytic role to play in creating and developing the borderless, global economy. Malta looks forward to participate further and contribute towards this progress that should see us through the next millennium.
