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## MALAYSIA

### Statement by the Honourable Dato Seri Rafidah Aziz Minister of International Trade and Industry

Since 1996, soon after the completion of the Uruguay Round, and the establishment of the WTO, calls have been made to launch a new round of trade negotiations to strengthen the multilateral trading system and to respond to the rapid changes brought about by the process of globalization.

Clearly the UR could not realize a trading system that would be relevant right into the 21<sup>st</sup> Century. However, the multilateral trading system continued to show resilience and more countries are applying to become members of the WTO.

Malaysia takes this opportunity to welcome China as a new WTO Member and express confidence that China will be able to contribute towards the strengthening of the global trading system and defend the WTO rules and disciplines.

This Ministerial Conference in Doha was convened with the high expectation that there will be the launch of a new Round of Multilateral Trade Negotiations, with emphasis to the residual issues unresolved during the last Round.

Discussions during the meeting of Heads of Delegations yesterday indicate that while there is that overriding objective and agreement to launch a new round, there are still divergences in positions pertaining to the issues on the table that constitute the basis for the agenda of a new round.

While some aspects of individual issues can lend themselves to flexibility and compromise, there are particular issues that are clearly extraneous to trade, that must be cleared off the agenda right from the start. Any attempt to bring such contentious issues into WTO discussions will only serve to widen the dissenting positions, as many countries are strongly opposed to bringing in those issues into the WTO. Labour standards clearly has no place in the WTO, and no country should attempt to reintroduce it into the present or future discussions.

The linking of environment to trade has been and will continue to be contentious, as there is the valid concern that the environment factor can indeed be used for protectionist purposes. Malaysia cannot accept the presumption that investment issues would be ready for decision on negotiating modalities for the Fifth Session, and that investment issues be even part of the negotiating process.

The other new issues, namely competition and government procurement have much to do with sovereign rights of governments to determine domestic policies to achieve particular developmental goals. The imposition of multilateral rules and disciplines in these areas, without a clear and thorough understanding of the ramification and manifestation, can impinge upon and undermine those sovereign rights.

It cannot be denied that countries which vie for foreign direct investments must have in place Investment Regimes that are attractive, predictable and business friendly. But binding universally applicable investment rules and disciplines, without adequate flexibilities may result in the marginalization of domestic economic considerations.

Malaysia agrees to the ongoing process of clarifying and explaining the new issues, but without any objective of undertaking negotiations.

Perhaps, in order to enable WTO Members to benchmark their individual practices and regimes, the WTO can initiate the evolution of Best Practice Modules for the areas of Investment, Competition and Government Procurement, emphasizing the aspects of transparency, predictability and administrative integrity. Such reference to Best Practice Benchmarks can assist WTO Members to improve their own practices and rules, without having to subscribe to multilateral disciplines that are linked to dispute mechanism.

The experience of many WTO Members during the Uruguay Round shows that even the most innocuous of subjects can take a life of its own, and evolve into something never envisaged in the first instance. In 1986, mandate was given to negotiate rules to combat counterfeiting. In 1994 this had evolved into the Agreement on TRIPS with far-reaching implications and difficulties for developing countries.

Malaysia does not want to see a repeat of such a situation, especially when new issues have not been extensively and exhaustively discussed and elaborated from all aspects.

It is for this reason that Malaysia urges the WTO to adopt new approaches when dealing with issues that impinge on sensitive domestic policies. The WTO cannot treat the new issues in the same manner as market access for goods and services. We may need to look into the possibility of starting with non-binding guidelines which carry no penalty clauses or dispute settlement procedures.

In short, the WTO must have a realistic approach when dealing with these new issues that are not ready to be dealt with in negotiations, but require continued educative process for better understanding of the many implications.

Implementing commitments made in any Multilateral Trade Round have been proven to have high element of cost to many WTO Members and the question of capacity building has always been raised.

Malaysia would like to propose that the WTO establish a special unit within its structure, that can formulate and implement programmes such as in Human Resource Development, technical and legal assistance and other necessary capacity building measures that can directly involve the personnel of WTO Members requiring such assistance. The unit can also serve as the conduit for channelling financial assistance to WTO Member countries, which come from International Financial Institutions.

Malaysia supports the launching of a new Round, but it is important that the consensus approach continue to prevail in the decision-making. We should not subject ourselves to purely political expedience, or to be dictated by the need to send signals to the world.

After all, the WTO is the world. The signals in the WTO Conference are there for us to discern and to make out. For Malaysia, the signals that we have detected are as follows:

- (a) Many countries are comfortable launching a new round with a limited agenda package which contain the mandated issues and also industrial tariffs.

- (b) Many countries are not ready to discuss negotiations on the new or Singapore issues, but can go along with further work on the educative process.
- (c) Developing countries' concerns on issues such as Special and Differential Treatment, tariff peaks and tariff escalation, and market access must be seriously addressed.
- (d) Development objectives must be given due weightage, and not be marginalized in the attempt to introduce and implement multilateral rules and disciplines.
- (e) Extraneous and non-trade issues such as labour standards must not be brought into WTO discussions.

Increasingly, domestic political constituency considerations are driving decision-making and negotiating positions of economic majors, rather than realistic economic considerations.

It is important that the integrity of the WTO and WTO work programmes be maintained and not be tarnished by countries sidetracking from trade issues.

Malaysia hopes that the Doha Ministerial can come to a positive conclusion, so that WTO Members can mutually benefit from the future work of the WTO.

Certainly the launch of a new Round here in Doha would put the multilateral trading system on to a higher plane. But to launch a new Round, a consensus is mandatory, and as at this point of time a consensus is not forthcoming.

Malaysia would like to reiterate the possibility of launching a new round based on a limited agenda package, which comprises of the mandated issues of implementation, services, agriculture and market access for non-agricultural products.

The new issues should be considered as a separate phase of the round, to be examined thoroughly by all Members before any decision on bringing them into any negotiating process can be made.

Malaysia feels that trying to have an all-encompassing agenda package that includes new and contentious issues which clearly cannot garner broad support, let alone a consensus, will certainly result in this Doha Ministerial not launching a new Round.

The choice is whether Members continue to have widely divergent positions well beyond Doha, or that we judiciously and realistically agree on key issues that can constitute a viable and manageable agenda for work in a new Round of multilateral trade negotiations, which can be launched here in Doha. We can choose to either have a Doha failure or a Doha new Round.

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