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Statement circulated by H.E. Major General Kyaw Than
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Mr. Chairman, allow me to congratulate you on your unanimous election as the chairman of the Second WTO Ministerial Conference. In the view of the Myanmar delegation, this Ministerial Conference is unique in character and it will serve as a milestone, particularly because it is held in conjunction with the 50th Anniversary Commemoration of the Multilateral Trade System. Your outstanding diplomatic skills and long experience in international trade affairs assure us that you will lead the deliberations of this Conference to a successful conclusion.

It may be recalled that the WTO's predecessor GATT was established some fifty years ago on a provisional basis after the Second World War in the wake of other new multilateral institutions dedicated to international economic cooperation - notably the "Bretton Woods" institutions now known as the World Bank and the IMF. During GATT's five-decade lifetime, eight rounds of multilateral trade negotiations were held to update its scope of activities which ultimately culminated in the Uruguay Round giving birth to the World Trade Organization. With the changing global economic scenario, WTO encompasses nearly all the major cross-border economic activities. However, in the past ten years from the time of launching Uruguay Round in September 1986 up to the First Ministerial Conference in December 1996 quite a number of new visions for the world trade system have come out.

Before we touch upon the two main substantive agenda items - implementation of the WTO work programme and future activities of the WTO - I would like to make a brief observation on some outstanding issues in the international trade area.

Firstly, in connection with the integration of economies, opportunities and challenges, there is a divergence of views regarding regionalism and multilateralism. The global trading system is now moving forward in two tracks - regional and multilateral. Regional trade initiatives are expanding and have ambitions to expand further. Some regional initiatives are truly gigantic, at least in perspective. Regardless of the widespread forces of "globalization" in the international economic environment, more and more countries, developing and developed alike, are stressing regional integration in various shapes and forms. To date, over 130 Regional Trading Arrangements (RTAs) have been ratified by GATT and WTO since 1948. It is widely accepted that RTAs are legal and consistent with GATT Article XXIV.

The disquiet over regionalism stems from two sources. The first is the sheer proliferation of regional trading arrangements and the second is the fear that such arrangements may become inward-looking and erect protectionist barriers. Here we have to face reality. Nowadays, most countries,

developed and developing, countries in transition and least developed countries, belong to one or more trading groups.

In the view of the Myanmar delegation, the tendency towards regionalism should not come as a surprise. Its logic is compelling. The driving force is economics. Access to neighbouring markets yields economies of scale. Costs are lowered because of proximity to and familiarity with markets. Regional integration also enables stronger competition. In part, the motivation is also geo-political. Regional groupings will be better able to withstand the pressures of an unpredictable world, especially if it disintegrates into trading blocs. In essence, they are the hedge against the uncertainties of the global economic environment.

Regional trading arrangements, in our view, should not be seen as a threat to the multilateral trading system. On the contrary, these RTAs are the building blocs of trade infrastructure. Regional trading arrangements are catalysts for a change. Myanmar as founder-member of GATT and its successor WTO, firmly believes in the multilateral trading system and trade liberalization. Our view, however, is that as long as the regional and multilateral endeavours can be reconciled and regional trade arrangements are compatible to WTO rules, the two should grow together. We need however to ensure that regional trade arrangements are complementary to and consistent with WTO rules as mentioned in Singapore Ministerial Declaration.

Let me now touch upon the emergence and rapid growth of the free trade areas all over the world. The economic reality is that the continuing momentum of global economic integration which is sooner or later followed by formulation of free trade areas, custom unions, etc. From its initial role as a consultative forum APEC has made bold plans on three fronts - trade liberalization, trade facilitation, economic and technical cooperation. The Bogor Declaration set the bold vision of a free trade area in the Asia-Pacific by 2010 of the more advanced economies and 2020 for the others. At the sub-regional level the work on ASEAN Free Trade Area has commenced in compliance with the ASEAN Vision 2020. Necessary steps are now being taken to develop intra-regional economic cooperation between APEC and ASEAN. ASEAN itself has commenced discussions on greater cooperation with CER, which comprises Australia and New Zealand.

In other parts of the world, the EU has concluded in 1995 a customs union with Turkey and a Framework Agreement with MERCOSUR Customs Union. NAFTA will be enlarged accepting Chile. The idea of a Trans-Atlantic Free Trade Area (TAFTA) and Free Trade Area of Americas has been raised for discussion. We also understand that arrangements are being mooted that will achieve NAFTA and AFTA cooperation and political commitment have been made for similar arrangement between APEC, Free Trade Area of Americas and EUROMED. APEC and EUROMED have both set 2010 as the target date for free trade for all or most of their members.

We believe that the achievement of global free trade by 2010 or by the latest 2020, is feasible. Already over 60 per cent of world trade now takes place within regional groups that have achieved free trade. It can be reasonably envisaged that the remaining 40 per cent can result from the new free trade areas that will emerge in the early 21st century. It should be looked at from a global perspective.

Globalization of all these regional initiatives is in fact the logical development of the process of liberalization that has been adopted by almost all countries in the world, no matter how diverse their culture, histories, income levels, geographic locations or past trade policies. In our view there are very promising opportunities for huge economic gains from further trade liberalization and concerted efforts should be made to keep it moving forward with greater momentum. The international community should make sure that the clock is not turned back by resorting to protectionist measures.

However, globalizing free trade should be considered in a holistic manner. The critical issue is how we interpret “free trade”. Should it be limited to traditional border-barriers such as tariffs and non-tariff measures, or extended only to non-traditional but still border impediments such as government procurement, investment policies, trade in services, or also to “purely domestic” measures that have significant external effects like intellectual property protection and labour standards? Could globalization of free trade be effective and meaningful if some major trading partners like the People’s Republic of China, Russia and other countries remain outside WTO or regional trading groups? How do we interpret the new terminology “Open Regionalism, Trade in Borderless World, A Global Village Society”? These are some of the questions we have to address ourselves and also the challenges we have to overcome.

In the broad perspective of global trade, it would be pertinent to take a glimpse of the role of the developing countries in international trade. In the past ten years the developing countries’ contribution to the increase in nominal world trade rose from 1.65 per cent to 5.24 per cent, a much faster rate than that of industrialized countries. The developing countries also played an active role for the success of the Uruguay Round and are determined to fulfil their commitments for further trade liberalization. This success story is, however, very uneven and will remain so as long as the development and trade performance of developing countries varies considerably. Thus, the problem of fully integrating the totality of developing countries into the multilateral trading system remains very much a challenge for the international trade community as a whole.

In the view of the Myanmar delegation, integration into the multilateral trading system by developing countries can be pursued through economic and social policy measures which promote competitiveness, stimulate investment and develop human resources. The degree of a country’s integration within the international trading system can be seen in relation to its ability to (a) identify and take advantage of trade opportunities; (b) formulate and pursue development strategies within the framework of the multilateral trading system; and (c) defend the acquired trade rights. Not many developing countries currently possess the institutions or the human and financial resources necessary to effectively meet these challenges. Supportive action by international community, institutions and agencies is very much required.

Implementation of the WTO Work Programme

Now allow me to present our views and assessment on the implementation of the WTO work programme. It should be borne in mind that the important aspect of WTO activities is to oversee the successful implementation of the Uruguay Round Agreements and consolidate the attainments therein. A periodic examination and updating of the WTO work programme is a key to enable the WTO to fulfil its objectives. In the WTO Agreements and Decisions adopted at Marrakesh, we can find quite a number of provisions calling for future negotiations on different subject matters. Some are to be completed within the time frame of the Agreements. At the Singapore Ministerial Conference in December 1996, a number of working groups have been established and were given specific tasks. Based on this WTO work programme, the Myanmar delegation would like to make a brief observation on selected issues.

First and foremost is improvement in market access. We developing countries are very much concerned that there should be progressive trade liberalization and elimination of tariff and non-tariff barriers to trade in goods. The Uruguay Round Agreement has reduced the trade weighted average tariff levels in developed countries by 38 per cent and for developing countries 20 per cent. The progress of dismantling non-tariff barriers should be speeded up and broadened beyond the Uruguay Round results. Reducing and abolishing tariffs and non-tariff barriers will also make a considerable contribution

to global trade. In this regard, we stress our anxiety on the possibility of introducing trade distortive measures and circumvention.

Second, we have observed that progress has been made to some extent in advancing the WTO reform programme in agriculture, including implementation of agreed market access concessions and domestic subsidy and export subsidy commitments. However, future negotiations on agriculture need to be pursued.

Third, as a member of ASEAN, we attach great importance on full and effective implementation of the provisions of the Agreement on Textiles and Clothing (ATC), because the developing countries' income from the export of textiles and clothing contribute substantially to export earnings. By way of integration of trade in textiles it would be progressive in character. The Textiles Monitoring Body should be more transparent and explicit in providing rationales for its findings and recommendations.

Fourth is the outcome of the Dispute Settlement Understanding (DSU) of the WTO. The dispute settlement process offers a reliable and non-confrontational mechanism to resolve trade problems, even among friends. In the past three years we have noticed that DSU has been used mostly by the developed economies. Anyhow it is one of the best outcomes of the Uruguay Round of multilateral trade negotiations.

Another sector we would like to see progress in is the area of Agreement on Trade Related Investment Measures (TRIMs). A working group to examine the relationship between trade and investment has been established and is implementing its mandate. Investment represents a very effective mechanism for diffusing knowledge and expertise, as well as growth around the world. Inflow of finance and technology is essential in order to release the untapped production potential of the developing and transition economies. It also helps to open up new markets for the exports of goods and services which generate the best-paid jobs in exporting countries.

It should however be borne in mind that the conventional distinction between trade and investment no longer reflects business realities; presence in a local market is now frequently vital to be able to compete. Annual outflows of Foreign Direct Investment (FDI) now amount to about US\$230 billion and the rate of growth of the stock of FDI has substantially exceeded that of world exports during the 1990s.

While a WTO working group is examining the relationship between trade and investment, the OECD has commenced preparations for a multilateral agreement on investment. APEC has endorsed a set of non-binding investment rules. ASEAN is considering a free investment area. The WTO should therefore establish a truly global framework of rules and disciplines to govern cross-border investment.

The Committee on Trade and Environment has made continued efforts towards fulfilling its Work Programme. The manner in which the international community deals with the trade and environment issues will set an important precedent in this respect. The WTO Agreements may generally be adequate to deal with the trade impact of higher domestic environmental standards, but a more difficult challenge to the system arises when countries seek to use trade measures to address environmental challenges outside their own jurisdiction. The environment can become an issue that has the potential to reverse the process of multilateral liberalization of trade. Trade and the environment should be mutually supportive. Trade policies and trade agreements should hopefully be kept free from "pollution" by environmental concerns.

Core Labour Standards have also become an issue. It is a very difficult and very complex issue for discussion. We have noted that at one of the informal meetings in Geneva, both the EU and US delegations have made an important statement that any WTO discussion must not have as an objective the enforcement of core labour standards, through trade sanctions, nor put into question the comparative advantage of low-wage countries. Labour standards should not interfere with globalization of free trade nor become bargaining chips for protectionist forces.

We have yet to find substantial progress regarding negotiations on services. It covers for the time being, financial services, movement of natural persons, maritime transport services and basic telecommunications. We look forward to have a higher level liberalization of trade in services on a mutually advantageous basis with appropriate flexibility for the developing countries.

As for the remaining items in the Work Programme and for those in the Built-in Agenda, there is a need for future negotiations. They could include amongst others - Trade and Investment, Trade and Environment, Transparency in Government Procurement, Agriculture, Textiles and Clothing, Services aspect of Trade Related Intellectual Property Rights (TRIPs), Anti-Dumping, Customs Valuation, Dispute Settlement Understanding, Import Licensing, Pre-shipment Inspection, Rules of Origin, Sanitary and Phytosanitary Measures, Safeguards, Subsidies and Countervailing Measures, Technical Barriers to Trade, Trade Policy Review Mechanism, General Agreement on Trade in Services rules, Formulation of Information Technology Agreement (II) and Communication.

Since the time of adoption of the Work Programme and the Built-in Agenda, the implementation thus far has been satisfactory, although there are some delays and shortcomings. In our experience, sometimes implementation is even more difficult than the negotiations and formulation of agreements. In any case, we have to review our commitment in order to achieve the speedy implementation of WTO Agreements with the aim of achieving further liberalization and globalization of free trade.

There is another aspect, practised by certain power, which compounded the problem of the free flow of trade in line with the principles of WTO Agreements. That is the artificial mechanism inducted by means of trade sanctions on countries as a device of punitive action sometimes for the advancement of selective political objective by such power. Such measures are obviously detrimental to the existing channels of intra-regional trade promotion as well as the achievement of the liberalization and globalization of free trade. It is regrettable to note that such practices are capitalised by the very responsible parties which the development of world trade is depending.

Future activities of the WTO

The conclusion of the Uruguay Round marked the culmination of seven years of arduous negotiation. The Uruguay Round Agreements hold the promise of substantial benefits for all. The WTO estimates that the full implementation of the Uruguay Round Agreements will result in an increase in annual income of over US\$500 billion. These benefits will accrue to all members of the multilateral trading system as they gain greater access to the global market place.

The fruits of rigorous and faithful implementation are self-evident and should serve as an incentive in themselves. But we cannot and we should not stop there. Much work remains to be done.

Institutionally, the WTO has rightly been given authority and scope significantly exceeding that of its predecessor the GATT. Legally, the GATT 1948 legal instruments were updated as the GATT 1994. Today's world is quite different from the world of 1986, when the Uruguay Round was

launched. Technological developments, particularly in the communications and information technology, have created a business climate of fiercer competition in an integrated global market place.

The WTO must be at the forefront in identifying threshold trade-related issues and systematically addressing them in the multilateral trade agenda. The initiatives and experiments of the regional trade arrangements should provide one source of inspiration. Another would be trends in international trade in goods and services. The World Trade Organization must be an institution for the future. Its past accomplishments are considerable, but we must not dwell on them. They must be consolidated and form the basis for the future. The WTO should prepare itself for these challenges.

To a large extent, the future multilateral trade agenda was drawn up in Marrakesh more than three years ago. The Multilateral Trade Agreements themselves lay out a detailed agenda for review and revision of their provisions for further negotiations and also for consideration of new issues. The priority areas for developing countries in this Built-in Agenda could emerge more clearly as experience is gained in the implementation of the WTO agreements. There are also matters which can be considered as the "unfinished business" of the Uruguay Round. New issues in the international trade are also coming up. Therefore, it would be a great mistake to treat the Ministerial Conference as "business as usual" or a routine stock-taking event. It needs to be based on a strategic purpose that is well understood, if not yet explicitly agreed or fully articulated by all the key participants. There are so many issues for further negotiations. There are serious issues like regionalism and multilateralism, globalization of free trade by 2010. There is also some thinking in favour of a new round. If that is the case should such an initiative follow the traditional pattern of a "comprehensive round" or the current experiment with separate sector-specific negotiations? Which approach will be more productive? These are some of the questions to address ourselves.

While we are talking about regional integration of economies and their potential challenges to the rule-based Multilateral Trading System, and globalization of free trade in the early 21st century, we should have in mind the prospect of enlargement of the WTO membership. If current members do not stick to the rules, it will be very difficult to convince new members that WTO obligations are a binding commitment. Should regionalism bypass multilateralism, and create a borderless free trade globally? Where would China and Russia be in such a world? It is the view of the Myanmar delegation that the WTO membership should be enlarged to include China, Russia and other developing countries who are now queuing for accession.

Globalization and marginalization can be viewed as two sides of the same coin. Those countries which are unable to seize the opportunities of globalization, will rapidly find themselves marginalized. Therefore, the agenda for future trade negotiations cannot be drawn up on the assumption that trade liberalization will automatically provide benefits to all. Globalization is seen by some as benefiting a privileged few, at the expense of the security and well-being of many countries, both developed and developing. Positive compensatory action should be devised by the international community to attack the problem of any marginalization as part of any liberalization initiatives.

In shaping the future agenda for the Ministerial Conference of the WTO, we must clearly assess the trends in trade, production and technology and understand how the process of globalization affects the process of economic and social development. Future agenda should also deal with consolidation, balance and progress. We are now heading into a new century, and it is important that the trading system of the future be adapted to the realities and serve the objectives of the international community in the 21st century.

The task before the WTO is Herculean, as it not only has to implement what has been agreed, but also resolve all pending issues and consolidate new ones. It is only then that the WTO will gain the credibility and respect of all nations. A beginning with the WTO has been made, and it is up to us to change our mindset from an internal vision to a global vision for a better tomorrow for all mankind.

Last but not least, the delegation of Myanmar would like to express its deep appreciation and heartfelt thanks to the Chairman of the Conference, the Director-General, the Chairman of the General Council, and the WTO Secretariat for their untiring efforts and for the hard work that have put in for convening the two special events.
