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Statement by Prof. Dr. Suhadi Mangkusuwondo
Director-General of Research and Development,
Department of Trade of Indonesia

I would like to take this opportunity, under Agenda Item 1 of this Session, to make a brief observation of a general nature, on behalf of the ASEAN contracting parties, namely Malaysia, the Philippines, Singapore, Thailand and Indonesia.

On this occasion, may I refer to the report contained in the document C/W/528 on the developments in the trading system since the 42nd Session of the CONTRACTING PARTIES up to the present.

The overview of developments in the international trading system covering both measures and discussions which have taken place so far, showed the poor economic performance of countries in general as characterized by slower growth in investment, output and trade; the behaviour of exchange rates; the wider gap of payment imbalances; as well as the chronic foreign debts which have contributed to further world economic uncertainty.

Previous speakers have noted that the widely anticipated growth in the world economy has so far not been realized. Concurrently, the performance and outlook of the growth of world trade were also widely felt to be unsatisfactory, especially for most of the developing countries.

Yesterday, during the commemoration of the 40th birthday of GATT, we heard the speech of the eminent speaker, Mr. Paul Volcker, which eloquently highlighted the closely related problems of trade, finance, debt and investment.

In this connection, I wish to express ASEAN's deep concern about the possible adverse effects that the recent crisis in the international financial markets may have on our efforts to improve the system and conditions in the area of trade.

If the major industrialized countries fail to agree on concerted efforts in dealing with the crisis in the financial markets, we are afraid that another world recession will emerge and that the first victims of such an unfortunate event would be the developing countries, many of which are still struggling to cope with their severe debt problems and to overcome their serious shortage of resources for their development.

Of particular concern is the prospect of major industrialized countries embarking on import restrictions as a consequence of the weakening of domestic demand in these countries, due to the crash in the stock markets. If this happens then the downward spiral of the recession will quickly spread to other countries of the international community.

Seen in that light, our efforts under the Uruguay Round to stop the growth of protectionism and to bring more discipline to the conduct of international trade, acquire considerable new significance. It underscores the importance of the present Round of trade negotiations, in particular, as a common effort to resist any pressure for new trade restrictions.

This call for renewed restraint on protectionism is, of course, not something new. But, in the context of recent new developments and after reading document C/W/528 prepared by the Secretariat on the developments in the trading system, one cannot but be apprehensive since protectionist pressures have not abated but indeed, have increased since the launching of the Uruguay Round in September of last year.

Therefore, it is the view of the ASEAN contracting parties that we should strengthen our resolve to make the present Round a success.

Turning to the rôle of a strengthened trading system, the protectionist pressures which characterized periods of slow growth have been reinforced in the present situation by the difficulties in the other policy areas mentioned earlier. Some speakers have expressed concern about recent trade policy developments. The launching of the Uruguay Round has not led to the reduction of protectionist pressures, and there has been a continued tendency towards the adoption of trade impeding and distorting measures in both agricultural and manufacturing areas. There has been growing bilateralism in international trading relations outside the framework of the multilateral rules which has not paid adequate regard to the trade interests of other countries.

We are now approaching the end of the initial phase of the Uruguay Round and although progress has been made in some areas, much more should be done to enable us to go further in the subsequent negotiations. Efforts should therefore be made to speed up the progress of work through the submission of more concrete negotiating proposals and to ensure that the fundamental problems of the trading system are tackled.

The number of proposals put forward recently by the participants in the negotiating groups have clearly illustrated some of the deep differences of opinion which exist amongst us. In our view, we should make use of every opportunity, such as this present Session, in which to work out our different positions in order that progress towards a workable solution can be made.

On this occasion, I wish to reiterate the special interest of ASEAN in certain areas of negotiation, namely tropical products, agriculture, safeguards, market access issues such as non-tariff measures and tariffs - particularly tariff escalation. We hope that these areas could be dealt with in a serious manner and as expeditiously as possible. Furthermore, since tropical products are of utmost importance to many developing countries, failure to reach an agreement in this area will reduce considerably the confidence of developing countries not only in the Uruguay Round, but also in the GATT, as an institution which would safeguard the interests of all contracting parties, developed and developing alike.

Concerning agriculture, I need not elaborate further on how important this issue is for most developing countries. At this juncture, we only wish to remind the meeting that the problem in agricultural trade was mainly caused by policies adopted by major industrialized countries that in the past have accumulated large surpluses through programmes of excessive subsidies. In our view, the main responsibility lies with those developed countries to bring order to the present international markets for agriculture. By the end of next year, we particularly hope that some kind of an agreement on early relief measures could be achieved, so that the heavy burden on developing countries could be relieved.

While a certain amount of consensus and a common desire to improve conditions in the present trading system exist, the practical solutions necessary to fulfil our hopes demand a considerable commitment from all of us. Not only must we try to avoid adopting any policies which could damage the trade system, but we must do our utmost to make maximum use of all mechanisms already in existence to deal with the inevitable differences of opinion which, given the current imbalances in the world economy, are bound to arise in the near future.

ASEAN countries strongly stress the need for firm and strict adherence to the commitments on standstill and rollback. The very credibility of all participants in the Uruguay Round rests on the implementation of these commitments.

In conclusion, I wish to assure the meeting of the ASEAN delegations' intention to continue participating actively in our common efforts to bring the present Round to a successful conclusion.