

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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MALAYSIA

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One of the important issues Ministers agreed to in Punta del Este was on a standstill commitment. It was to be a standstill on protectionism, to make for a more liberal multilateral trade agreement. We now have today a standstill, but unfortunately, a standstill, four years later, in the negotiating process itself. That, Ministers did not agree to in Punta del Este.

Undoubtedly, the negotiating deadlock is a cause of concern, which, if left unattended, can unravel all the gains achieved thus far. This is not the time to lament, nor the time to recriminate, but a time to move forward. To do this, Ministers gathered here in Brussels, given the necessary mandate by governments, must, with some creativity, perseverance and much political will, tackle the issues squarely. It is imperative for us here to make clear political decisions and guidelines, so that governments know what they have to do, and the traders and trading system know what to expect in the future.

One of the most searing themes during the process running up to the Brussels Conference, was the lack of leadership. We are all leaders from different nations with one common intention, that is, to succeed in bringing the Uruguay Round to a satisfactory close. The collective leadership have to be shouldered by all leaders here, if we want to achieve that success.

Similarly, responsibility is a shared burden. While it is true that the more powerful amongst us must necessarily be apportioned a greater share of that responsibility, it does not mean that the smaller nations can shirk from their obligations. We are living in an interdependent world that requires each trading country to assume her due share of responsibility and obligation.

Malaysia is not impervious to the tragic state of affairs in a number of developing countries. But there have been economic miracles around the globe. And these have been achieved through prudent economic policies which have led to freer competition, efficiency and finally, internationalization, with the ability to trade in the world market place.

This economic phenomenon, however, can only continue and be sustained, within a strengthened multilateral trading system. And this system is embodied in the GATT, which none of us can afford to live without.

In looking at the week ahead, we must not lose sight of the objectives we had set ourselves four years ago. Vital amongst these was the need to strengthen the multilateral trading system in which liberalization of trade becomes pivotal. With that in mind, let us recapitulate the status that we are at today:

- (i) there have been achievements in the market access areas. There is however, greater scope for improvement, with all countries really committed to contributing towards more freer, and more liberal, international trade;
- (ii) the tropical product area has witnessed a new trend wherein developing countries themselves, have made concessions. This trend must see its rewards in better concessions from the major partners;
- (iii) there has been agreement in some of the rule-making areas, including most of the GATT Articles negotiated upon and some of the MTN Agreements;
- (iv) there is impending agreement in the dispute settlement area and functioning of the GATT system;
- (v) the TRIPs negotiations have progressed well; and
- (vi) finally, negotiations in the difficult areas of agriculture, TRIMs, textiles and clothing, safeguards, anti-dumping and subsidies and CVMs which, as I had stated earlier, would need to be resolved with the collective political will to be demonstrated by all.

Hence, it is imperative that we negotiate on those difficult areas first so that the package can fall into place thereafter.

For Malaysia, the Uruguay Round results must, in the final analysis, provide improved market access for all products - tropical, agriculture and industrial. The rules to be agreed to must ensure that international trade will continue to prosper under predictability and fairness. The rules themselves must not present a threat that can be used for protectionist means nor to nullify the benefits to be gained from market access concessions. And rules in the new areas have to be viewed in the context of the future, where they would lead to the enhancement of the trading system and to allow for gradual and full involvement of developing countries. Above all, the rules must encompass the first basic tenet of GATT, i.e. the Most Favoured Nation clause.

On specific areas of concern to Malaysia, we have this to convey to our trading partners:

(i) Market access

In order to provide for greater market access, it is not too late to offer concessions at this stage. Malaysia can do so if other negotiating partners are willing to do likewise. Special mention has to be made on tropical products. As this sector is of paramount importance to many developing economies, which for some, mean the very survival of their people, it is vital that the fullest liberalization in this area has to take place. And, the results thereof should not be linked to other areas, but rather be implemented in accordance with the fast track status that had already been agreed upon.

(ii) Agriculture

In this area, Malaysia calls upon the major countries to look, with conscience, at the appalling state of agriculture in most developing countries. A major reason for this is the inability to export due to subsidization wars among the big powers. It is imperative that the results lead to liberalization in trade for this sector, and not a sliding back, as would happen if the European Economic Community does not make the necessary move towards satisfactory reduction in internal support and export subsidies for agriculture products, and to still persist in calling for rebalancing.

(iii) Textiles and clothing

In respect of textiles and clothing, the technicalities to reintegrate this sector into GATT can be easily worked out but, it is the political will of some to implement it, that is difficult to elucidate. Linking the integration process to GATT rules and disciplines, seeking for low growth rates and including ill-defined concepts, would constitute the best recipe to perpetuate the protectionist elements that are present in this sector. What we need are liberal elements in a transition period which would allow for liberalization of this sector, that has remained derogated for more than a quarter of a century.

(iv) TRIMs

As regards TRIMs, it cannot be denied that certain investment measures are necessary tools for economic development, and eventually trade expansion in developing countries undergoing industrialization. Without them, foreign investments may not flow in to help generate such development. These aspects have to be taken into account when we negotiate on this issue.

(v) Subsidies and countervailing measures and anti-dumping

Malaysia has suffered trade harassment from action under these disciplines, through the use of unilateral interpretation by certain countries of such disciplines. What is needed are circumscribed régimes that can be used effectively against genuine cases of unfair trading practices. The rules should provide protection for all, but not to be used indiscriminately to harass fair trade. There must also be a recognition of the need to maintain certain support measures for development purposes.

(vi) Services

The agreement in this area should ensure gradual liberalization in trade in services and, within that agreement there should be provisions that would allow developing countries to upgrade their domestic services industries which would then enable them to partake of the liberalization process in the future.

Malaysia is one of the few countries with a services sector, particularly finance, which is already liberal. Foreign participation in many sectors is already above the world average. Therefore, an agreement on services must ensure that countries like Malaysia will not be unduly disadvantaged. For example, in finance, the obligations must not be more onerous than the other sectors and should not compromise the implementation of banking, financial, and monetary policies that are central to economic stability.

We should leave Brussels with an agreement that would encompass, basically, the following elements:

- (i) the achievement of trade liberalization in all sectors of goods;
- (ii) the formulation of rules that are fair and predictable and that would enhance rather than impede trade; and
- (iii) the instituting of new rules that would meet the changes and challenges beyond the year 2000, which, at the same time, would allow developing countries to fulfil their obligation within their limited capacities.

Each country negotiating in the Uruguay Round has its own area of concern and specific interest. We all have our own domestic constituencies and pressures to face.

But negotiations should reflect a strong sense of give and take. We are talking about each trying to get a fairer and indeed bigger share of

the trading cake. Before that can happen, we must, together, help increase the size of that cake, by improving the quantity and quality of its constituent ingredients. Each of us has a share of those ingredients to contribute, some contributing the basic flour, eggs and sugar, others perhaps the raisins. Still, if any of us holds back on our contribution, that cake would fall flat and would be quite unpalatable.

With those general guidelines in mind, let us put our political heads together to overcome the impasse presently confronting us.