

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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HONG KONG

Statement by Mr. Chau Tak Hay
Secretary for Trade and Industry

I would like to join other speakers in extending Hong Kong's warmest appreciation to His Majesty King Hassan II and the Government and people of Morocco for their generous hospitality and for the excellent arrangements which have so facilitated our work this week in this beautiful city of Marrakesh. We are also deeply grateful to the Director-General of the GATT, Mr. Peter Sutherland, and his staff for having taken the process forward smoothly, efficiently and with great determination since the Uruguay Round negotiations were completed last December.

My brief remarks will focus on what we have achieved and the vital principles that must guide the work ahead.

The conclusion of the Uruguay Round is not an end, but a beginning. Protectionism is not dead. Barriers to trade still exist. Sin has not suddenly gone out of fashion. Our collective success over the past eight years has been to develop a momentum for change. We must work hard to maintain that momentum - lowering trade barriers, scrutinizing trade policy, opposing voluntary export restraints and other "grey area" measures, enforcing the rules that we have all agreed upon.

The World Trade Organization will be a focus for these efforts. It will have strengthened rules and disciplines to ensure impartial observance by its members of the expanded rights and obligations they have willingly taken upon themselves. The disciplines which we entrust to it will give increased authority to the multilateral trading system. The authority of these disciplines and the impartiality of the Organization to which we entrust them, are vital. But the strength of this new Organization will depend ultimately on the commitment of all members, whether big or small, to both the letter and the spirit of genuine multilateralism. Let us therefore resolve to settle all bilateral disputes within, and in a manner entirely consistent with, the multilateral framework under the World Trade Organization.

Each participant in the negotiations has had its own self-interest as an over-arching priority. Let us not pretend otherwise. So it was all the more remarkable that agreement was finally reached. It was reached only because we all accepted that fundamental GATT principles have worked - that equal treatment for all, through MFN, and national treatment have served to expand trade for the benefit of each, whatever the short-term difficulties they may have caused. Those principles have been a compass to us all; orienting our trade relations to commonly agreed poles. Remove those principles and you remove the compass.

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And that is why Hong Kong has chosen not to sign the new Government Procurement Agreement. We are one of twelve signatories to the present Agreement and were a keen participant in the negotiations to expand the Agreement and refine its disciplines. Most regrettably, after years of discussion bringing us steadily closer to that goal, reciprocity and sectoral non-application provisions were introduced in the closing days of those negotiations.

Hong Kong had made a good offer in the negotiations. We have exemplary, open and non-discriminatory systems of public procurement. The entities included in Hong Kong's draft schedule have always maintained open and non-discriminatory procurement policies and practices, and they will continue to do so even though we will not be a party to the new Agreement on Government Procurement. Mr. Chairman, we simply could not agree to add Hong Kong's name to such a flawed agreement; an agreement among so few participants, reached only by ignoring the fundamental principles of MFN and non-discrimination.

Hong Kong hopes that its decision to stand by these fundamental principles will encourage others to resist the erosion of MFN by reciprocity and unilateralism. The basic principles on which the GATT was founded were a direct reaction to the "beggar thy neighbour" policies of the pre-war era. These principles re-opened the clogged arteries of world trade. They will be as important, perhaps more important than ever, in the work of the World Trade Organization and in addressing any new issues.

As to new issues, we have heard a good deal about trade and the environment. There are clear arguments for ensuring that the interface between multilateral trade rules and international agreements on the environment should be delineated. Hong Kong looks forward to engaging constructively in the discussion. But we must all be wary of protectionists hiding behind the worthy motives of others. We must not allow trade measures to be used to achieve non-trade objectives.

And in this connection, another new issue which has been raised is "trade and labour norms". Hong Kong has a very good record where the protection of our workers and their rights is concerned. I can therefore be totally objective in commenting on this subject. But I will not do so today because to do full justice to the issue will require more time than I have been given. To those who are interested in objective comment on the subject, I recommend a leading article in the magazine "The Economist" dated 9 April 1994, which comes to this conclusion: "Those who truly seek to advance the cause of human rights in the third world should weigh [the matter] carefully - and reluctantly conclude that the costs of pressing for new links between trade and basic human rights outweigh the likely benefits."

One new issue to which Hong Kong attaches importance is trade and competition policy. We live in a rapidly globalizing economy. The old paradigm based on the assumption that industries and their interests generally speaking have national identities is no longer valid. An examination of the relationship between the multilateral trading system and competition policy is needed not only to ensure that multilateral trade rules encourage rather than hinder international competition, but also that the interests of the end-users of the products are duly recognized in a global market place. Examination of this complex subject will generate considerable heat, requiring as it must a fundamental re-examination of the starting point of competition and trade legislation, including anti-dumping legislation.

In conclusion, Hong Kong remains fully committed to implementing the Uruguay Round and looks forward to playing an active and constructive role as an original member of the new World Trade Organization which we believe should come into existence on 1 January 1995.