

WORLD TRADE ORGANIZATION

WT/MIN(98)/ST/71/Rev.2
10 June 1998

(98-2342)

MINISTERIAL CONFERENCE
Second Session
Geneva, 18 and 20 May 1998

Original: English

THAILAND

Statement Circulated by H.E. Dr. Supachai Panitchpakdi,
Deputy Prime Minister and Minister of Commerce

Revision

First of all, let me express my deep gratitude to the Chairman of the Ministerial Conference, H.E. Mr. Pascal Couchepin and the Swiss Government as well as the people of Switzerland for their hospitality and contribution to the success of this important event. I also would like to express my sincere appreciation to the Director-General, Mr. Renato Ruggiero and all the staff at the WTO Secretariat for their hard work and dedication through out the year as well as their special effort in making this Ministerial Conference a success.

This year marks the 50th Anniversary of the multilateral trading system. This occasion is indeed special. It represents a landmark in modern economic history which has gone through a long road towards liberalization. We have come a long way since nations recognised the risk of governments pursuing restrictive economic policies in protecting their war-torn economies fifty years ago, and at that time decided to pursue an outward-looking and more open trade policy.

Multilateral trading system as engine for world growth

The setting up of multilaterally agreed disciplines, various tariff-cutting Rounds, the conciliation and dispute settlement within the framework of the GATT as well as the adherence to the basic principle of non-discrimination have, to an impressive extent, contributed to the stability and predictability, hence, growth in international trade.

It is recognised that the conclusion of the Uruguay Round signified the most comprehensive and far-reaching reform by far and endorsed confidence in the multilateral trading system. The most significant results of the Round were the inclusion of important new agreements such as agriculture, textile, services, intellectual property rights and trade-related investment measures, and the establishment of the WTO and its new and more effective dispute settlement mechanism.

All this occurred at a time of changing world economic environment and greater call for equitable share of economic and development fruit. Given this, it is both opportune and useful to examine and evaluate our performance thus far and set a vision for our future.

Implementation

In general, the overall implementation of the Uruguay Round has proceeded in accordance with the commitments entailed in various WTO agreements. But it must also be noted that there are areas where greater efforts are needed from Members to meet their obligations. In this regard, genuine endeavour and determination must be exerted by all Members in complying with the

agreements in order to achieve full and faithful implementation of the commitments. Among others, the following areas of implementation should be highlighted.

1. Agriculture

It is the first time that ground rules on the subject of agriculture was set. We recognize that this has been a big step forward, however, implementation of agriculture commitments during the past years has indicated that there is still room for improvement.

- 1.1 Some Members have yet to demonstrate their earnest exertion to fully abide by the stipulated obligations.
- 1.2 Strict compliance to tariff reductions and elimination of market access restrictions, subsidies and distortions are needed to truly bring about a fair and market-oriented agricultural trading system.
- 1.3 Members are urged to intensify their effort to fully conform with the Agreement on Sanitary and Phytosanitary and refrain from using sanitary and phytosanitary measures as disguised trade barriers.

2. Textiles and clothing

Textile and Clothing is another area of marked achievement of the Uruguay Round. It is important that this trade must truly be integrated into the rule-based and non-discriminatory system of GATT within the stipulated time-frame. The first two stages of integration reveal that liberalization in this sector has not been meaningful to developing countries. Most of the products under restrictions remain to be integrated towards the end of the transition period. Such eventuality poses as serious obstacle at achieving smooth and effective transition into GATT. While only a few quantitative restrictions have been eliminated in the first 7 years of the Agreement, new barriers to trade including repeated anti-dumping actions as well as other customs and administrative formalities imposed by developed countries have unnecessary added to unfair restrictions against imports from developing countries. The unsparing use of transition safeguard measures had also eroded the benefits, if any, derived from the implementation so far. In this light, we call for Members to:

- 2.1 Resolve to ensuring full and faithful implementation of the provisions of the Agreement on Textile and Clothing;
- 2.2 resist attempts towards protectionism; and
- 2.3 adopt immediate and positive measures to demonstrate commitment to liberalization and elimination of discriminatory treatment.

We also call for the Textile Monitoring Body, as the supervising body of the Agreement, to provide and secure transparency in its functioning and adhere to a proper standard of review consistent with the precedents which have been established by the panel and appellate decisions relating to the implementation of the Agreement.

3. Anti-dumping

Greater liberalization since the implementation of the Uruguay Round commitments has resulted in greater trade expansion but unfortunately it occurred with the unwelcome accompaniment of increased use of anti-dumping measures. We urge that Members use the anti-dumping measures sparingly and truthfully to the language of the Agreement. At the same time, we also have concern on the anti-circumvention investigations since the establishment of the WTO. This is due to the fact

that there has not been an agreement on uniform rules on Anti-circumvention, we, therefore, urge that Members refrain from taking this measure while the process is still on-going.

4. Dispute Settlement

The Dispute Settlement Understanding can rightly be considered as another significant achievement of the Uruguay Round and the WTO thus far. The increased number of cases brought by countries big and small under this mechanism and a number of interpretations of key provisions indicate the health of the system. Although the effectiveness and credibility of the dispute settlement *system* have been generally satisfied, there are some key elements which are of importance to the success and viability of the system:

- 4.1 Strict and timely compliance with the recommendations;
- 4.2 increased availability of legal experts assistance to developing countries;
- 4.3 increased capability of the Secretariat to cope with increasing number of dispute cases; and
- 4.4 adherence to the provisions with regard to confidentiality of panel process and its documents.

5. Integration of developing countries

One of the objectives of the Uruguay Round is to integrate the developing countries into the multilateral trading system as it is important for their economic development and global trade expansion. Developing countries should be able to participate in multilateral trading system with assurance that their participation would lead not only to obligations but also their entitled benefits. Many developing countries are still overwhelmed with difficulties due to their lack of knowledge and resources. There is urgent need to intensify efforts in certain areas to make the integration yields better and greater benefit to the developing and the least developed countries such as :

- 5.1 Existing WTO provisions on special and differential treatment;
- 5.2 technical assistance; and
- 5.3 market access for products from the developing and the least developed countries.

Future activities: Enhanced credibility

For the WTO to be viable and credible, it should have the ability to correct its weaknesses, at least on the above-mentioned aspects. At the same time, it should also be able to discharge fully its commitments resulting from the Marrakesh mandated built-in agenda, adapt to the ever changing global economic environment and face the challenges that lie ahead as the world move towards and into the next millennium.

Tasks ahead

In the near and medium terms, the tasks ahead of the WTO are two-fold. On one hand, we need to deal successfully with the built-in agenda, and on the other, we must take into account the demands posed by fast changing international economic environment. The results of the Uruguay Round contain numerous unfinished or partially finished elements. The achievements of the Uruguay Round negotiations could be considered as important stepping stones in this regard.

Built-in Agenda

Major tasks

Several WTO agreements and Ministerial decisions called for further negotiations as well as reviews of certain rules and disciplines. One of the major tasks ahead of us in this respect will be to fine-tune the relevant timetables, and in some cases to define the appropriate steps which will lead to the fulfilment of the work programme as stipulated in the respective agreements and decisions.

Renewed negotiation on agriculture

Preparatory process must begin as soon as possible in order to allow the renewed negotiation on agriculture to take place before the end of 1999 as scheduled in the Agreement with a view to conclude expeditiously. The mandate and the conduct of the negotiations must be independent of any call for or scepticism of a new broad-based round of trade negotiations.

Thailand supports others who have called for a framework of negotiation addressing all areas affecting agriculture trade, namely export subsidies, market access and domestic support.

Furthermore, in pursuing further liberalization, support to the economic development needs of developing countries, including their technical assistance requirements, must be continued while the principle of special and differential treatment for developing countries must also remain an integral part of the future negotiations.

Potential issues

It is also important to recognise that appropriate, reasonable and operable improvement of the existing rules might be vital to the WTO to enhance its relevance in the evolving world economy.

Globalization is an irreversible fact of life in the modern world, the important question facing us is how best to deal with the inevitable process of globalization. Therefore, from time to time, the WTO needs to review and redress any shortcomings or loopholes which exist in its system.

While it is true that there are extensive issues available on the table, we need to ensure that we do not close our eyes on other evolving development in the global economy. Nevertheless, in taking on board any issue, it would require endorsement from Members on the basis of consensus.

Indeed, issues such as investment, competition and transparency in government procurement were brought to our attention at Singapore, and currently, their study processes were being carried out. In this relation, it must also be emphasised that future consideration on how to proceed with these issues must be subject to the outcome of the study processes.

Preparation without pre-judgements

The preparation process for the next Ministerial Conference must be without any pre-judgement. While nothing is to be precluded, there should be a sense of priority where issues relating to implementation, mandated negotiations and other future work already stipulated in the WTO provisions must be proceeded accordingly.

Recognising that liberalization is a significant process to uphold the multilateral trading system, Thailand is monitoring the discussion on this subject with profound interest and will stand ready to co-operate with all Members in exploring all elements which could be involved.

At the same time, any proposal to be put forward must clearly address interest of developing countries. Furthermore, it is also important that the preparatory process for our future discussion must

not prejudice our decisions, especially whether and how new round of negotiations should be launched.

Organization's objectives vs. national interest

The long term challenges of the WTO is its ability to reconcile national interest with that of the organization.

We have seen, time and again, in this organization, countries venture to set the agenda of the WTO based on issues which were in line with their interest and priority. In Singapore, we saw new issues such as investment, competition policy, transparency in government procurement and trade facilitation being shoved into the WTO's basket. We feel that Members should, at the same time, invest our collective efforts in the strengthening of the system. This should be a truly meaningful key agenda for our future in pursuing the objectives of the organization. The following issues must be addressed :

1. Genuine integration of developing as well as least developed countries into the multilateral trading system;
2. a truly levelled playing field where all Members can compete fairly despite their sizes and economic strength;
3. improvement of decision making process: compromises in the past had been achieved at the expense of objectivity of the system and resulting in an ambiguity which generated time-consuming debates, diverse interpretations and created loopholes; and
4. A fine and delicate balance to preserve individual national interest and the systemic interest is essential though, admittedly difficult to achieve.

Primacy of multilateralism

The relevance, credibility and efficiency of the multilateral trading system will very much depend on how the above issues are addressed and problems resolved. The WTO must take on challenges without wavering and assume the leading role so that regionalism will, in no way, replace the multilateral trading system as a primary force shaping global trade, but rather supplement and reinforce the liberalization process entrusted by the WTO Members. It is important that regional groupings must complement and contribute to the strengthening of the multilateral system.

Coherent international economic policy

The third systemic long term challenge is how to generate greater coherence in international economic, trade and financial policy. In today's complex and globalized economic structure, coherent policy co-ordination among the IMF, World Bank and the WTO is absolutely crucial. These organizations must reinforce their efforts to ensure that their respective policies i.e. trade, monetary and social and development are mutually supportive. This would help lessen the problem of marginalization and prevent potential disruption which might arise from misconduct in one of the policy areas as well as minimise adverse impact on others, as happened in the case of current financial crisis in Asia.

Firm commitment

Despite all the hardship currently facing our nation, Thailand remains unwavering with our commitment towards liberalization. We firmly believe that through the continuation of our outward

looking and open-trade policy, we will revive our economy as well as secure sustainable prosperity and economic growth in the years ahead.
