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## THAILAND

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

1. First and foremost, let me express my deepest gratitude to the Chairperson of the Ministerial Conference, the Honorable Charlene Barshefsky, and the US Government for hosting this important event. I also would like to express my sincere appreciation to the Director-General of the WTO, Mr. Mike Moore, and the Chairman of the General Council, H.E. Ambassador Ali Mchumo, as well as the staff at the WTO Secretariat, for their tireless efforts in organizing this Conference. And lastly, and perhaps most important, I would like to thank each and every individual who have spent immeasurable time and energy, through countless formal and informal meetings, in order to prepare for this event.

#### **Global economic situations and Thailand**

2. As you are aware, it has now been almost two and a half years since the financial crisis broke out in East Asia and spread rapidly across the globe engulfing economies large and small. As manifested, the result of this so called "Asia Contagion" has not only been an abrupt reversal in East Asia's unprecedented growth trends but also an end to the vigorous surge in the level of world trade and investment. By all account, the ramifications of the crisis, which is only Asian in origin, has greatly raised our awareness of the inextricable linkages between the two pillars of the global economic system, namely, globalization and liberalization. More importantly, it has called into question the philosophy of the free market and unfettered capitalism, there by posing a direct challenge to the virtue of free and fair trade as well as threatening the dynamism and success of globalization.

3. Yet, it is evident that some signs of recovery have begun to emerge. In the case of Thailand, for instance, exports have grown by 3.8 per cent in the first nine months of this year and it is projected that we will obtain a surplus in the current account and balance-of-payments of US\$11.8 billion and US\$3.5 billion respectively. And likewise, in South Korea, the year-on-year industrial production was up by 30 per cent in June and the South Korean economy is expected to register a growth rate of around 6-7 per cent by the end of this year.

4. It need not be said that the path to economic recovery has involved a great deal of hard work and determination. As you already know, since 1997, the Thai Government has been working closely with the IMF to strengthen the fiscal, monetary, and financial disciplines, as well as to develop decisive measures to ensure prudent spending and to restructure our financial institutions. Preparations have also been made for further recapitalization and regulations of the financial and banking sectors, such as the strengthening of the supervisory independence and technical capabilities of bank supervisory role and the reformation of the capital market through the creation of new financial instruments so as to reduce risks. In this connection, we have also introduced new laws

which are designed to create a legal framework to expedite the processes of corporate restructuring, such as the new Bankruptcy Act, to encourage rapid debt restructuring negotiations, and the amended Alien Business Law, in order to offer more business opportunities for foreign investors. And, knowing that these reforms would entail painful adjustment processes and devastated social consequences, the Thai Government has sought assistance from the World Bank and the Asian Development Bank to strengthen the existing social safety net, which include numerous extensive retraining and retooling programs as well as programs aimed at providing additional public sector employment.

5. So far, it is clear that many of our objectives of stabilization have been met; we have managed to rebuild our foreign exchange reserves, stabilized the currency, and brought down the interest rates. As a consequence, since the middle of 1998, the policy of the Thai Government has started to shift to one of growth stimulation, comprising of expenditure measures, tax reductions, and economic stimulus packages to create employment and regenerate the economy.

6. Although there is no denying that it will take some time before the Thai economy fully recovers, I am confident that the present economic policies and adjustment programs are sufficient to address the current concerns of the country. While the immediate priorities must be to further stabilize the Baht, create greater liquidity for the private sector, halt the levels of Non-Performing Loans (NPLs), and lend a helping hand to the poor and the unemployed, we fully realize that the past as well as the future success of Thailand depends crucially upon our ability to absorb and adapt to international influences. As such, the long-term objectives of our reforms and adjustment programs are to maximize our economic potentials and enhance our international competitiveness. This being the case, the core principles behind our policies are clear. We remain firmly committed to the global liberalization process, one with transparent rules and an appropriate regulatory framework, wherein all are treated and can compete on an equal basis for mutual benefits. Needless to say, any unilateral attempt at financial restructuring and reforms on our parts, even if successful, is not likely to yield significant results if market access is cut off and if other countries resort to protectionistic measures. Hence, it is pertinent that all efforts are made to ensure that the international market place is kept open and that there will be no backtracking on prior liberalization commitments.

### **The World Trade Organization and Global Trade Liberalization**

7. As an internationally accepted organization whose membership has grown to 134 countries with around 30 more countries waiting to join, the WTO has undoubtedly become a powerful catalyst for international economic cooperation which aims at expansion of global economic growth and development. This is reflected in the significant achievement of the Uruguay Round of Agreement which did not only lead to greater liberalization of trade in traditional sectors but also to the opening of several new areas, such as Agriculture, Textiles, Services, Trade-related Intellectual Property Rights (TRIPS) and Trade-related Investment Measures (TRIMs), not to mention the establishment of the WTO itself. Furthermore, it is apparent that the accepted rules and norms for international trading practices created by the WTO have injected greater predictability and transparency into the international market-place, thereby encouraging many more nations to increase their participation in global trade negotiations which, in turn, has contributed to the maintenance of a free and open trading regime as well as the enhancement of the future prospects of global trade liberalization.

8. However, notwithstanding these achievements, much more needs to be done if the WTO is to maintain its significance in the international arena – especially at this critical juncture of economic turbulence wherein protectionistic tendencies are strong. The WTO needs to prove to the world that the multilateral trading system which is based on WTO rules can and will contribute to the long term welfare and prosperity of the world economies as a whole. For instance, efforts must be intensified to develop the WTO into a universal organization wherein all can participate on an equal footing. Equally important is the need to improve the *modus operandi* of the WTO through transparent rules and well-defined procedures. And last but not least, every attempt must be made to ensure that all

WTO decisions are based on a multilateral approach, rather than a unilateral or bilateral one, so that it is a truly democratic organization. And, indeed, it is in successfully meeting these challenges that I believe, and I think that you will all agree with me, that this Ministerial Conference will ultimately be judged.

### **The Third WTO Ministerial Conference and the New Round**

9. While there is little doubt that the Uruguay Round of trade negotiations has provided the most comprehensive and far-reaching trading agreement in history, it is evident that the impact thereafter has been mixed, and that some countries, more than others, have been able to reap the benefits generated from the negotiations. More specifically, the distribution of benefits from the process of global trade liberalization has been in favour of developed countries more than developing and least-developed ones. By and large, this imbalance is due, on the one hand, to the lack of resources and knowledge among the less developed Members to fully exercise their rights and implement the various WTO Agreements and provisions and, on the other hand, it is because several Members have yet to fully implement the Agreements resulted from the previous rounds of negotiations in letter and in spirit. Thailand, for example, has yet to benefit from the Agreement on Textiles and Clothing.

10. In this context, it is therefore vital that we all attempt to develop a sufficiently broad-based and well balanced negotiating agenda at this Conference, and in all successive rounds of trade negotiations, not only in order to accommodate the divergence of interests among our Members but also to ascertain that the rights and obligations, benefits, as well as costs, are distributed in an equitable manner. To this end, there exists a number of issues that must be addressed at this Conference and several daunting tasks that we will need to prepare for in the years to come.

11. First, among others, no efforts should be spared in pushing for greater market access in all of the world economies. For example, in terms of the Built-in Agenda (BIA), greater efforts should be made for the full and faithful implementation of the Uruguay Round Agreements. On agriculture, for instance, there should be greater attempts on the parts of all Members, especially the developed ones, to lower barriers to agricultural trade not only through the elimination of export subsidies and domestic supports but also the reduction and regulation of export credits and an across-the-board average tariff reduction – including the lowering of out-quota tariffs. Also, quotas should be expanded and quota management guidelines should be improved in order to create a more transparent trading environment. In a similar vein, on services, negotiations should aim at extending business opportunities through the reduction and/or elimination of existing market access barriers, such as the Economic Needs Test requirement and the opening up markets to the movement of natural persons by increasing the transparency with respect to registration procedures, the granting of permits, and the assessment of qualifications. In this connection, there should also be a call to ensure that domestic regulations, such as licensing, qualifications, and technical standards are impartial and do not constitute unnecessary barriers to trade in services. And in terms of market access on non-agriculture products, attempts should be heightened to reduce and/or remove tariff peaks and escalations as well as to adopt a comprehensive implementational approach suitable for all.

12. Second, if we are to achieve a positive and a balanced agenda, it is pertinent that particular attention be rendered to the special needs and interests of developing and least-developed Member countries in all trade negotiations and liberalization processes. Given their limited financial and human resources as well as weak institutional base, developing and least-developed countries need to be offered special and favourable treatments so that they can meet the numerous tasks and obligations of the WTO. Therefore, efforts need to be intensified to ensure the full implementation of existing WTO provisions on special and differential (S&D) treatment. Indeed, there still exists evidence that the previous agreed to S&D provisions for developing countries have yet to be fully realized, such as those pertaining to the issues of Anti-Dumping (AD), Sanitary and Phytosanitary (SPS), and Technical Barriers to Trade (TBT). Moreover, technical assistance and expertise should be granted to developing countries so that they can gain more benefit from the WTO Dispute Settlement

Mechanism (DSM). There is little doubt that S&D treatment is necessary for these countries not only in terms of allowing them to increase their participation in the multilateral negotiations processes but also for them to achieve sustainable development – since trade alone is not sufficient for development and needs to be supplemented by technological improvement, infrastructure development, education, institutional and capacity building, and human resource development.

13. Third, there is an urgent need to make sure that the discussion and/or possible negotiations of new issues give due consideration to the developmental needs, aspirations, and objectives of all concerned, especially those of the developing and least-developed Members. Accordingly, intensive preliminary studies of the possible impact of the new issues ought to be carried out prior to the launching of any formal negotiations. For instance, on the proposals of a multilateral framework on investment, reflection is still needed on the issues of definition of investment, the significance of technological transfer, the development dimension of the Agreement, and the approach for liberalization of investment regime on a progressive basis. In a similar vein, the outcome of establishing multilateral rules of competition between developed and developing countries needs to be further assessed. And while trade facilitation measures and transparency in government procurement regulations can help to enhance international trade and investment, a number of issues remain to be answered, such as the definition and scope of the Agreement, the implementation processes, and the review procedures. Again, should a common agreement on these new issues be discussed, developing countries should be offered differential and more favourable treatment in order to assist in the transitional costs and for achieving developmental objectives.

14. Fourth, it is apparently clear that countries large and small can gain a great deal from being a Member of the WTO. The WTO would not only offer the much-needed sense of predictability, transparency, and certainly in trading pursuits but also, and more importantly, access to markets and various resources required for growth and development. However, given the numerous amount of substantive obligations which comes with accession, accession to the WTO can place significant burden on acceding countries, especially developing ones. Given this context, the issues concerning WTO accession, such as the review of trade regime of acceding countries and the schedule of concessions should be deliberated so as to ease the difficulties of implementation as well as to expedite the accession of non-Member countries. In this respect, sufficient assistance should also be offered in order to provide the opportunity to achieve rapid accession. Undeniably, the increase in the number of active participants in the WTO can greatly extend the scope of global liberalization, and thus strengthen the multilateral trade system.

15. And last but not least, in today's complex and globalized international economic structure, the importance of a coherent policy coordination among the world institutions cannot be overestimated. Given the garmot of interrelated policy issues ranging from trade and finance to health and education and the numerous challenges and problems that we all need to face, a coherent global policy is required to make sure that the agreements reached in all the major international forum complement one another. To this end, all efforts should be made to increase the level of collaboration between the WTO and the various international institutions and agencies, such as the IMF, the World Bank, and UNCTAD, as well as ESCAP. Certainly, one seemingly effective measure in this area is to establish an apparatus which would ensure greater coherence in the plans and policies of these entities. And this is the main reason as to why Thailand, along with other ASEAN member countries, has proposed that a Work Programme on Trade and Finance should be set up under the WTO. Such an apparatus would not only help to ascertain that international trade, finance, and development plans and policies will complement one another but also, and more importantly, make sure that agreements adopted in other international fora serve to augment, rather than impede, WTO multilateral liberalization processes, and vice versa. Indeed, we will all have another opportunity to deliberate on the importance of greater coherence in international economic policy-making at the UNCTAD X, which, I am proud to say, will take place in Bangkok, Thailand, from the 9<sup>th</sup> to the 19<sup>th</sup> of February of next year.

16. And finally, it needs to be made clear that the ultimate goal of the WTO is the enhancement of the multilateral trading system by serving as a negotiating forum advancing multilateral trade relations. As such, we need to ensure that the WTO focuses mainly on trade issues. However, this is not to say that non-trade issues are unimportant and do not require our attention, but rather they should be dealt with through the specific international institutions which have been created and equipped for the particular purpose. Certainly, by linking trade issues with non-trade issues we will not only create additional burden to the already complicated negotiations process but also jeopardize our ultimate goal of establishing a freer global trading environment.

17. To conclude, it need not be stressed that the credibility and future viability of the WTO, as well as the multilateral trading regime, rest primarily on how we, at this Conference, set the agenda to sufficiently address the above issues. We must ensure that the WTO continues to be an effective forum for trade negotiations by carrying out and remaining steadfast to its commitments in letter and in spirit. At the same time, we need to assure that future negotiations irrefutably lead to equitable distribution of benefits. Indeed, the assurance of an evenly share of benefits will not only serve as a confidence building measure for greater participation in the global liberalization process but also increasing trust in the multilateral trading system. And if we are to succeed in our pursuit of a more open international trading environment, then we need to step up our efforts to make the WTO a truly universal negotiating arena wherein all are treated and can participate on a "First among Equals" basis.

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