Please insert the attached page, number 54, into the Government Report, document C/RM/G/52.
INDONESIA'S PARTICIPATION IN THE URUGUAY ROUND AND ITS EXPECTED IMPACT

Successful completion of the Uruguay Round at end-1993 was one of the highest priorities of the Government of Indonesia. Indonesia fully recognizes the significance of the Uruguay Round Agreement and the milestone it represents in the context of the post-war multilateral trading system.

The Minister of Trade of the Republic of Indonesia signed the Uruguay Round Final Act in Marrakesh in April 1994. Legislation to enable the adoption of the Uruguay Round Agreement into domestic law was put before the Indonesian Parliament in September 1994. Ratification of the Uruguay Round Final Act is expected by the Government of Indonesia in October 1994 following approval by Parliament. Indonesia fully expects to be a founding member of the new World Trade Organization as of January 1995 and attaches the highest importance to full participation in this new body.

The results of the Uruguay Round Agreement represent a comprehensive attempt towards strengthening the rules and disciplines of the multilateral trading system, to which Indonesia attaches great value in its trading relations. The Uruguay Round Agreement will govern trading relations among GATT contracting parties and among members of the World Trade Organization well into the 21st Century. Liberalization commitments agreed under the Uruguay Round should bring substantial concrete benefits for all participating countries and for the trading system as a whole.

The quantitative impact which the Uruguay Round will have on members of the multilateral trading system will be augmented through the qualitative improvements in the GATT system. Both trade rules and trade disciplines have been significantly strengthened under the various Agreements composing the Uruguay Round Final Act. In particular, expedited and binding dispute settlement procedures will ensure that all countries receive equal treatment in resolving trade disputes. The confidence generated in the GATT system through the success of the Round lessens the danger of fragmentation of the trading system through competing regionalism and bolsters the principles of most-favoured-nation treatment and non-discrimination, to which Indonesia is strongly committed.

The possibilities for expanded trade which the Uruguay Round offers will be extremely important for Indonesian exporters, and should facilitate efforts to continue with the remarkable pace of export diversification and expansion that the country has known over the past 15 years. Recognition of the potential benefits and the importance of these negotiations were behind Indonesia's substantive participation in the Uruguay Round.

Gains from the Uruguay Round Agreement for Indonesia will come from two sources. The first is the more efficient use of domestic productive resources that will result from the reduction of trade barriers. The second is the increased access to markets of other countries that will arise from trade liberalization.

Estimates based on a simulation of the potential trade liberalization effects arising from the Uruguay Round using a computable general equilibrium model show that there may be substantial potential gains for Indonesia from the Uruguay Round, namely an annual increase in real exports of 11 per cent and an increase in real GDP of nearly 1 per cent, assuming full implementation of the liberalization agreed in the Round. More information on this and other estimations is provided in the last section of this document.