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STATEMENT OF HIS EXCELLENCY MINISTER ROBERTO V. ONGPIN,
LEADER OF THE PHILIPPINE DELEGATION

Most of us have travelled thousands of miles to participate in this historic Ministerial meeting of the General Agreement on Tariffs and Trade.

I bring to you a message of goodwill for the success of this much-awaited gathering, from His Excellency President Marcos of the Philippines. With this message comes a reaffirmation by the Philippine Government of our commitment to the principles of the General Agreement including particularly a strengthened free and open trading system.

Allow me also, to convey to you and to the members of the Bureau the greetings of the ASEAN delegations for your much deserved elevation to your respective posts of high responsibility. We are assured that under your wise and experienced leadership, this meeting will achieve constructive results.

The ASEAN delegations have committed themselves to participate fully and actively in our deliberations with a view to bringing about a more stable, predictable and equitable trading system but always taking into account the particular needs of the less developed countries of the world.

ASEAN would also like to place on record its collective acknowledgement of the very impressive facilities and efficient arrangements which the host country, Switzerland, and the host city, Geneva, have placed at the disposal of this Ministerial meeting. The warmth with which delegations have been received by the Swiss authorities merits the appreciation and gratitude of the participating countries.

ASEAN has also taken note of the dedication shown by the Director-General, Mr. Arthur Dunkel, and of the zeal and perseverance shown by Ambassador McPhail of Canada, Chairman of the Preparatory Committee, and of Ambassador Das of India, Chairman of the GATT Council. They have facilitated the task of this meeting.

We are meeting today after ten months of preparation and after an interval of nine years, with a firm determination - all of us - to reverse the growing trend towards protectionism and to improve the functioning of the world trading system.

Since the last Ministerial meeting at Tokyo, there has emerged a perceptible and alarming movement backwards in the ways of international commerce. A recent GATT study has documented the proliferation of some 114 trade measures, just about one fourth of which are under GATT discipline, while the other three fourths are beyond GATT sanctions. This has led to a situation in which the volume of trade under GATT discipline has been estimated as amounting to only 7.2 per cent or one thirteenth of the comparable volume outside its régime. The situation is made even more pathetic by the fact that those who talk loudest about the evils of protectionism seem to be the very ones who are busily erecting more fences of protection. Faced with this bizarre irony of protectionism, developing countries, particularly the poorer ones, can only cry out in frustration and desperation.

Thus, we have convoked this extraordinary session of the GATT contracting parties in an effort to effect a more faithful observance of the General Agreement, a fuller application of its principles, and a greater adherence to its discipline. It is in this light that the Philippine Government wishes to present its views and to have them considered in this meeting.

Anyone who would sincerely put a stop to the proliferation of protectionist measures should seek out their breeding places, and there try to stamp them out before they are hatched. As everyone knows, these breeding places may be found in the least observed of the articles of the General Agreement, namely, in the article prohibiting quantitative restrictions and the article on safeguard action. However, they also breed in the absent article that might otherwise have placed agriculture, like industry, more fully under the GATT system of disciplines.

It is a basic position of the Philippine Government and, I might add, of the other ASEAN member governments as well, that the contracting parties cannot seriously confront the problem of protectionism without at the same time also dealing with the issues related to quantitative restrictions, safeguard action, and agriculture.

There is another basic consideration which the Philippine Government wishes to put forth in this meeting. It is concerned with the treatment accorded to developing countries within GATT and in the world trading system. Special and differential treatment for developing countries is an established principle under GATT. But, its application in actual trade pales miserably in comparison with the loftiness of its legislative intent. In the spirit of the North-South dialogue, the time has come to give the poorer countries a break.

It is high time that this principle be applied more widely and sincerely in fairness to the growing number of developing countries which have become contracting parties. The rules which apply to the developed countries ought not to be applied with equal rigour or without flexibility

to the less developed countries. This simply reflects the fact that even in a market system around which GATT has been established the competitive strength of the big boys is clearly greater than that of the small boys. This being so, their relative trade performance requirements are clearly not identical, whether it be on the question of safeguards, subsidies or assuming more obligations in an open trading system. There is a need for more concrete action on the trade and development needs of the developing countries as envisaged in Part IV of the General Agreement.

This attitude on special and differential treatment for developing countries likewise inspires all the specific proposals that the Philippine Government wishes to highlight for consideration at this meeting.

In the matter of quantitative restrictions, the Philippine Government favours a Ministerial Decision calling for a standstill on the imposition of quantitative restrictions inconsistent with Article XI and other relevant articles of the General Agreement, and for their eventual phase-out within a specific time-frame, particularly those quantitative restrictions affecting exports of developing countries specially with reference to textiles. This is in keeping with the agreement among the ASEAN economic ministers.

On safeguard action, the track record of GATT is strewn with the debris of so much abuse that its discipline manages to cover hardly 10 per cent of all existing safeguard measures, in virtual disregard of Article XIX. The Philippine Government therefore favours a Ministerial Decision that requires universal application of all safeguard action and brings all such measures under a common discipline in the GATT. This is also in line with the decision of the ASEAN economic ministers.

But while this proposal is put forth, we do recognize that there is the prevalent and habitual recourse to unilateral safeguard action, which really works outside the GATT and on a discriminatory basis. Realizing this, the Philippine Government is also prepared to consider ideas towards a selective application of safeguard action so long as it is undertaken on mutually agreed terms and conditions in conformity with the General Agreement.

On dispute settlement procedures, there is a clear need to improve the efficiency of adjudicating a trade dispute. This can be achieved by strengthening the composition and rôle of the panels, the timeliness of their findings and making these binding on both parties to the dispute. Experience with the normal conciliation process shows that it entails lengthy consultations, eventually leading to a way out of the trade dispute without in the process building up more confidence in the ability of GATT at enforcing its discipline.

As for the international trade in agriculture, this has unfortunately been exempted from the full application of the GATT system of disciplines. It has also virtually escaped the liberalization efforts of the seven GATT rounds of negotiation. As a result, agriculture has turned out to be a prolific breeding ground for one of the most trade-distorting forms of protectionism. The case of sugar is a clear example of this distortion. Because of its subsidies, the EEC has emerged as the world's largest exporter of a commodity that is produced traditionally and at least cost in the tropics. It has crowded out developing-country exporters of sugar as well as brought down the price of sugar to historic lows. The Philippine Government therefore favours a Ministerial Decision to begin the liberalization of agricultural trade and to urgently place agriculture fully under GATT rules and disciplines.

There is a proposal for a new round of trade negotiations for the purpose of maintaining and stabilizing the preferential market access of developing countries in some relation to their respective abilities to accommodate increasing responsibilities for an open trading system. The Philippine Government views this proposal as essentially a welcome development of the principle of special and differential treatment, and an enlightened expansion of its application. It looks forward to the net improvement of the market access of developing countries in developed countries that the proposal, if adopted, can and should achieve.

The Philippines considers the matter of export credits of paramount importance. Our preoccupation with them reflects the fact that today they are a major part of the flow of funds to developing countries. At the end of 1981, they totalled \$148 billion. This is more than twice the ODA debt outstanding and greater than the sum of ODA and international organizations' funds put together. It is also equivalent to about two thirds of private bank lending. Export credits in 1981 accounted for 28 per cent of the total credits extended to developing countries.

Thus, such a significant aspect of international finance must be viewed in the overall context of the world economy and world development. In recent years, we have seen the increasingly vital rôle that developing-country imports of developed-country capital goods have in the expansion of North-South trade. The ability of developing countries to pay for these imports and in the process continue to propel the expansion in world trade can only be assured by extending to them special and differential treatment in the form of trade and trade-related concessions.

Export credits partake of a form of development aid, facilitating the transfer of resources and technology to developing countries. Export credits are also one of the best ways to ensure continued economic growth in OECD countries and developing nations alike. But unless they are made available on rates or terms which allow developing country projects to be financially viable, the market for developed-country industrial goods would soon disappear. Export credits have to be structured on terms and

maturities that are appropriate to the specific projects to which they relate. We believe that for the terms and maturities of export credits to be set by way of a consensus or the so-called gentlemen's agreement is another form of trade restriction which hurts both developed and developing countries.

Today, developing countries are confronted with such serious difficulties as high interest rates, unremunerative commodity prices, restricted access to export markets, a chronic shortage of foreign exchange earnings and persistent balance-of-payments deficits. In the face of all these, officially supported export credits should be viewed as an appropriate vehicle for according special and differential treatment to developing countries. The Philippine Government therefore supports the proposal that provisions of the OECD consensus relating to minimum interest rates and maximum terms of repayment should not apply to export credits extended to developing countries on their imports of capital goods.

I am putting forth these proposals on behalf of the Philippine Government in the clear knowledge that this is not perhaps the best of times. The economic recession has lingered longer than many of us anticipated. But, let us not lose heart. We cannot afford to lose heart. We may not achieve everything we want at this meeting. But what we do not achieve now, we might yet achieve in the next. The thing, in our view, is to meet more often and more regularly - certainly more than once in every nine years.