

WORLD TRADE ORGANIZATION

WT/MIN(03)/ST/30
11 September 2003

(03-4793)

MINISTERIAL CONFERENCE
Fifth Session
Cancún, 10 - 14 September 2003

Original: English

MALAYSIA

Statement by the Honourable Dato' Seri Rafidah Aziz Minister of International Trade and Industry

Firstly, I would like to congratulate Cambodia, a fellow ASEAN Member, and Nepal, as they will be admitted into the WTO Membership later today. Their accession is especially meaningful, as it marks the entry of the first two Least-Developed Countries into the WTO since 1995. I am confident that they will actively contribute towards improving the multilateral trading system.

Malaysia also looks forward to the early accession of other ASEAN Members, Laos and Vietnam, into the WTO.

The Doha Development Agenda has generated much interest amongst the trading nations of the world, in the hope that, the expansion of trade, can contribute directly towards economic and social development.

The Ezulwini Statement issued in Swaziland, by the Smart Partnership Movement, comprising 14 WTO Members, on 15 August 2003, reiterated their belief in the role of the WTO, in bringing about fair and rule-based trade. Towards this end, the decisions of the WTO must reflect the views of all Members, and priority be given to developmental concerns. This is in keeping with the fundamental objectives of the WTO.

However, it is regrettable that hardly any progress has been achieved, over the two years, since Doha. Except for the Agreement on TRIPS and public health, most of the other implementation-related issues remain unresolved.

Negotiations in agriculture, which is fundamental, and upon which the progress of the entire negotiations hinge, remain contentious, and continue to be at an impasse.

Malaysia would like to reiterate her position, on the latest situation, on the agricultural negotiations:

1. High bound tariffs must be reduced to a more reasonable level;
2. Trade distorting domestic support, and export subsidies, by developed Members, must be eliminated; and
3. Developing countries must be allowed to use export credit, on reasonable terms, to promote their exports.

On non-agriculture market access, Malaysia is supportive of a non-linear approach, but any formula to be agreed upon, must accommodate the developmental needs of developing countries, which are already liberal, but, may have high tariffs, in selected strategic industries. It is also Malaysia's position, that export taxes and restrictions, are not a part of the current negotiations.

Malaysia cannot accept any proposal for a sectoral approach, in respect of market access, for non-agricultural products, particularly if it involves the mandatory participation by all. If at all, the sectoral approach is adopted, participation by developing countries shall be on a voluntary basis.

On services, Malaysia subscribes to the WTO principle of progressive liberalization, and will further liberalize sectors where and when Malaysia is ready. Developed countries should not pressure developing Member countries to bind their services sectors, prematurely. In this regard, Malaysia wants the Emergency Safeguard Measures for the services sectors to be in place.

Much has been discussed, regarding special and differential treatment (S&D), and flexibilities, for developing, and least-developed countries. Malaysia does not doubt that every WTO Member agrees to, and abides by, this principle. However, the issue is, how the principles are translated into effective market access, by countries which are in a position to provide such opportunities. Malaysia would like to emphasize that, in every negotiation, developing and the least-developed countries be given the following flexibilities:

1. Longer time-period for implementation e.g. ten years for developing countries, as opposed to five years for the developed;
2. Less than full reciprocity in tariff reduction, for example a 20 per cent reduction by developing countries, as opposed to a 60 per cent reduction by the developed; and
3. The necessary policy space to pursue developmental objectives, for example, the use of incentives to develop strategic industries which are key to economic development.

The question of graduation and differentiation of developing countries, in the context of special and differential, has been raised by several Members. This is tantamount to trying to re-interpret the mandate, and definition of, special and differential treatment, and also the principle of "less than full reciprocity." Malaysia opposes any attempt to divide and segregate, amongst developing countries.

The "New Issues" that is investment, competition, transparency in government procurement and trade facilitation continue to be advocated by several Members for inclusion into the negotiations process. These issues remain contentious, and are opposed to by most WTO Members.

In Doha, we decided that negotiations on these issues can only commence if there is explicit consensus - and clearly up to now, there is none. It is obvious that the proponents pushing to include these issues for negotiations, have not been able to convince other Members of the utility of WTO rules in these areas.

Under these circumstances, Malaysia will not agree to begin negotiation on any of these issues, and suggests the clarification process be continued, beyond Cancún.

While there are many issues brought here for Ministers' attention, we should be pragmatic, and focus our attention to those issues with convergence in position amongst Members.

For issues where divergent views remain, more time should be given for deliberations towards achieving an acceptable solution.

Undoubtedly, improved multilateral rules and greater market liberalization, would indeed contribute towards the expansion of world trade, which can have positive spin-offs among the trading nations.

But there are costs involved. No country can be expected to subscribe to universally applicable multilateral rules in trade, if the costs are onerous, and if they lose sovereign rights to determine policy measures, which have direct impact upon their developmental goals and objectives.

In his opening remarks, Secretary Derbez alluded to the hope of achieving an ambitious package of decisions in Cancún. The problem that has been faced by the WTO, since Doha, is the expectation of that ambitious outcome.

Within the diversity of the WTO Membership, there are differing levels and scope of ambition. Some Members are extremely ambitious, anticipating everything to be in one single undertaking. Others can only have limited ambition, being unable to meet onerous obligations for further concessions.

In Cancún, it is important that we work towards extracting, from those different levels and scope of ambition, realistic common denominators, and to have pragmatic decisions, which lend themselves to the required consensus, and therefore, enable this Cancún Ministerial Meeting to be a success.

It is important that this Ministerial in Cancún not be evaluated simply as either being a success or a failure. Cancun is not supposed to be, and should not be, an "either-or" situation. We have various options open to us, to enable the Meeting to come up with a Statement or a Text which can give clear guidance on the future work beyond Cancún. The Meeting should not be trivialized by any "all-or-nothing" hardline positions.

We must have the wisdom to extract, from the menu of issues, those which can expeditiously lend themselves to consensus. We should be brave and pragmatic enough to defer, till later, issues on which a consensus cannot, as of now, be attained.

We must not take on more than we can accommodate, but rather, we need to ensure, through judicious management of the varied positions and standpoints, issues which can quickly be negotiated upon for agreement, and come up with Ministerial directives on what work needs to be done after Cancún.
