

WORLD TRADE ORGANIZATION

WT/MIN(96)/ST/19

9 December 1996

(96-5202)

MINISTERIAL CONFERENCE
Singapore, 9-13 December 1996

HONG KONG

Statement by Miss Denise Yue Chung-Yee
Secretary for Trade and Industry

The congregation of Ministers in charge of the World Trade Organization on a biennial basis is mandated by the Agreement Establishing the Organization. It is a vitally important built-in institutional mechanism to enable Ministers to demonstrate their total political commitment to the full implementation of the various facets of trade liberalization agreed to in the WTO, as well as to collectively address the challenges to the rules-based multilateral trading system brought about by an increasingly integrated global economy.

This first Ministerial meeting of the WTO has obvious special significance: it has to chart the future direction of the work of the WTO. As such, we must aim to set a high standard. In this connection, I wish to pay special tribute to the Singapore Government for assuming the responsibility to host this landmark event and for their admirable arrangements and hospitality; to Director-General Ruggiero and his staff; to Chairman Rossier of the General Council; to all Members for their hard work in preparation; and especially to Minister Yeo and his Vice-Chairpersons for guiding us to what I am sure will be a successful conclusion.

Being the first Ministerial Conference, we must set a clear vision for the Organization. For Hong Kong, this vision involves primarily achieving global free and open trade and full participation for all economies in the multilateral trading system on an equal basis.

For an organization which has emerged from successive rounds of progressive trade liberalization, it is only logical to set a free trade goal. Indeed, this is the goal of many existing and emerging regional trade agreements. Given the primacy of the WTO in the sphere of trade liberalization, we should not be any less ambitious. Hong Kong wants to work with every other WTO Member to bring about a world of free and open markets, governed by rules and practices which facilitate rather than constrain liberalization; rules that are relevant to the needs of business, which benefit consumers and which improve the well-being and prosperity of mankind.

On full participation, first we must do everything we can to fully integrate developing and least developed countries into the multilateral trading system. I endorse in particular the need to address the problem of marginalization for least developed countries. Secondly, we must move expeditiously towards achieving universality of WTO membership. Hong Kong strongly supports early completion of the accession process on the basis of acceptance of GATT/WTO principles and rules and meaningful market access commitments, commensurate with the level of development of the applicant economies.

In the brief period since Marrakesh we have, collectively, achieved a great deal. There is no doubt that, thanks to the painstaking efforts of the Members, implementation of the Uruguay Round has proceeded so far with remarkable smoothness, despite the enormity of the task. But there have

been, and continue to be, some problems. Among the most intractable is textiles and clothing. Since the Agreement on Textiles and Clothing came into force, the trend thus far has been towards further restriction, rather than relaxation of restraints. We seem actually to have moved backwards. We had expected much better from the "liberalization" achieved under the Uruguay Round. I can see no better and more immediate way to tackle the marginalization of least developed economies than by an accelerated integration programme in this sector.

It is now being argued by some that the WTO should actively promote the observance of so-called "core" labour standards. Much as Hong Kong supports protection and promotion of labour rights, I can see no role for the WTO in the promotion of labour standards. The ILO is clearly the right forum. It is my belief that the WTO can best contribute to improved living standards and employment by concentrating on its twin tasks of trade liberalization and trade rule-making. It is, however, important that these two tasks must go in tandem. On the trade liberalization front, we have made gradual progress and I have spoken of the ultimate goal.

On trade rule-making, we are clearly lagging behind. The WTO rules, many of which were designed decades ago, are looking less and less relevant in today's increasingly integrated world economy. Some of these rules evolved in a simpler world in which goods were manufactured in one country and exported to another. The modern commercial reality is increasingly much more complicated. It is high time we started to study whether the rules need to be updated. No doubt it would be a long and difficult, but nonetheless worthwhile exercise, which would be very much welcomed by businesses and consumers all over the world. As you know, Hong Kong has made proposals in this area, which I believe merit further and positive consideration.

Of the other items on our agenda, I should like to emphasise that Hong Kong places particular importance on services negotiations. Our experience in this area to date has not all been good. It is vital that we should now proceed to wrap up credible deals in basic telecommunications and financial services. We should be conscious that the deadline for telecoms is almost upon us. This is the time for everyone involved to make maximum efforts. The result will have significant impact both commercially and in terms of confidence-building in the WTO.

We also strongly support the proposed agreement to liberalize trade in information technology products. Such an agreement will demonstrate our commitment to the ongoing process of progressive trade liberalization. And we are interested in examining the possibility of moving towards a multilateral agreement on government procurement. In that connection, it gives me great pleasure to announce that only last week Hong Kong reached agreement with the signatories to join the plurilateral Government Procurement Agreement. Hong Kong hopes that an initiation of multilateral discussions on government procurement in the WTO, in parallel with ongoing work in the Committee on Government Procurement and under the GATS, will ultimately lead to the development of a level playing field for all suppliers.

In conclusion, Hong Kong expects a balanced and forward-looking outcome from the Conference. This is essential if we are to convince the world that we are serious about the vision we see for this Organization. In this process, Hong Kong will participate actively and constructively both this week and in the months and years to come. This will remain so when Hong Kong becomes a Special Administrative Region of the People's Republic of China. In accordance with the agreement reached between the United Kingdom and China on the future of Hong Kong in 1984, as notified to GATT Members in 1986, and as enshrined in the Basic Law, the mini constitution which will apply to Hong Kong on 1 July 1997, we will continue to be a separate customs territory with full autonomy in the conduct of our external commercial relations. Not only that, but the basic fabric of our society such as our legal, judicial, financial and monetary systems will remain unchanged. Hong Kong will continue to be a distinct member of the World Trade Organization under the name of "Hong Kong,

China", pursuing its own trade policies and will remain totally committed, in accordance with its philosophy and tradition, to the pursuit of free trade.