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INDONESIA

Statement by H.E. Mr. Tungkdy Ariwibowo
Minister of Industry and Trade

Let me start by extending our sincere gratitude to the Government and people of Singapore for their warm hospitality. As a fellow ASEAN Member, Indonesia shares Singapore's pride in hosting this first Ministerial Conference of the WTO. Let me also express our deep appreciation to the Director-General, Mr. Renato Ruggiero, and his associates in the WTO Secretariat for their efforts in preparing this Conference. Indeed, this Conference marks a major milestone for the WTO, as we reaffirm our collective faith in the open and rule-based multilateral trading system and our full support for the role of the WTO in overseeing the implementation of this principle.

Over the past decade, many developing countries have unilaterally liberalized their economies and voluntarily moved towards open market as a means of generating economic growth. For those countries, exposure to global markets, while certainly opening up many opportunities, also poses challenges both economic and political. Not only must businesses adapt to the new economic climate, but institutions must also be adjusted and developed. For some countries and for some cultures, it may even be the case that the system of values must change. This is certainly a process that cannot take place overnight, but requires time. This fact must be properly understood if developing countries are to participate effectively and equitably in the multilateral trading system.

It is in this perspective, that Indonesia welcomes the opportunity afforded by this first Ministerial Conference to review progress in implementing the WTO Agreements. Our retrospective look at the progress in the last two years has led us to a somewhat mixed conclusion. On the one hand, we are encouraged with the effective application of tariff reductions, signs of encouraging rate of growth in the world trade, increasing integration of economies into the multilateral trading system, and marked improvement of the dispute settlement mechanism. On the other hand, our experience has shown continuing difficulties in market access. Besides, we also note with concern the emerging symptom of marginalization, especially among the least developed countries, as well as the diminishing attention to the development dimension.

For its part, Indonesia has taken seriously the need for timely implementation of its own WTO obligations. In a number of areas, we have proceeded to meet our commitments at a faster pace than is required of us. We have also unilaterally liberalized our trading and investment regime to an extent well beyond what we have committed to during the Uruguay Round. In the area of tariffs, for instance, Indonesia adopted a pre-announced progressive and substantial schedule of tariff reduction on MFN basis, which will bring more than 90 per cent of its tariff lines to 10 per cent or less by the year 2003. In 1995, most of the NTB had been removed. In 1994 we have eliminated most barriers of the FDI which contributed to our commitment of high economic growth policy.

It is obvious that, for developing countries, implementing the commitments that they have undertaken, both procedural and substantive, in the Uruguay Round has not been an easy exercise,

in particular when it comes to new and complex areas, such as services, TRIPS and TRIMS. In spite of their enormous efforts, there have been genuine difficulties that they still have to overcome. Hence, the special and differential treatment provision and its consistent application accorded to the developing countries meet their relevance. Therefore, in order to ensure the full and effective implementation of the Uruguay Round commitments by all, there is an urgent need to intensify technical assistance to developing countries with the view to facilitating the fulfilment of their commitments.

We are concerned as to the large number of anti-dumping investigations that have been conducted against developing countries as well as the proliferation of safeguard actions by some developed countries that have accompanied the implementation of the Agreement on Textiles and Clothing. We expect that the MFA phase-out should involve commercially meaningful items, and that there should be greater discipline in the use of safeguards, anti-dumping measures, and rules of origin so as to avoid undue distortions in global trade.

Apart from reviewing the implementation of the WTO Agreements, the Conference is also mandated to address the ongoing negotiations as well as the agenda already built-in in the Agreements. In this regard, Indonesia supports the efforts to conclude those areas of the services negotiations that are still outstanding. For this purpose, we are in the process of reviewing our own capabilities, based on our present level of development, in order to determine the appropriate degree of our participation. We are looking forward to constructive discussions in this Conference which will hopefully pave the way toward progress in the forthcoming negotiations. In this connection, we also stand ready for an Information Technology Agreement, provided that some flexibility in its implementation will be accorded to the developing countries. We feel that efficient services and information technology sectors are indeed critical for our economic development, as we are entering the information age of the twenty-first century. With regard to the built-in-agenda, my delegation is prepared to endorse the relevant conclusions and recommendations of the various WTO bodies. Besides, we also see the merit in a sufficiently early preparation for the future negotiation in agriculture.

We understand that this Ministerial Conference is also expected to address challenges of evolving world economy. At one time, the GATT was concerned only with tariffs and other measures that were applied directly at the border. With the completion of the Uruguay Round, for example, many policies that were previously under the national jurisdiction also fall under international rules. We also recognize that the increasing interdependence and dynamism of the world economy has unavoidably led to the broadening of the international trade agenda. In this regard, my delegation stands ready to continue deliberations on the relationship between trade and the environment, in the context of achieving sustainable development which takes into account the synergistic linkages between trade liberalization, economic development and achievement of higher environmental standards. We are also prepared to start upon constructive discussion on the relationship between multilateral trading system and regional trade agreements as well as on the issue of trade facilitation. However, we prefer to be cautious in addressing the proposed issue of competition laws and policies. We are of the view that discussions on this issue in the WTO should be focused on the international aspects of competition, such as the so-called restrictive business practices, and the mal-practices of anti-dumping, rather than competition laws and policies applied at the national level.

With regard to several other new issues, which are being proposed in this Conference, such as the relationship between trade and labour standards, the issue of trade and investment and that of government procurement, I would like to make the position of my Government clear. While we attach great importance to the uplifting of the standards of our labour, we continue to believe that the ILO, is the most appropriate forum to discuss the issue and not the WTO. In our view, to link labour standards and trade will easily run the risk of creating a new form of protectionism which does not help in meeting the ultimate objective of the WTO.

With respect to trade and investment, we believe that the issue of multilateral framework for investment is essentially outside the scope and competence of the WTO. As all of us may recall that only eight months ago in Midrand, South Africa, the International Community has already mandated UNCTAD to thoroughly study the issue, and we do not see any justified reason for the WTO to duplicate the work of UNCTAD in this area. In the case of government procurement, Indonesia has unilaterally introduced a new and more transparent procurement system. This new system is much in-line with the Uruguay Round Government Procurement Agreement, and may even be considered an improvement to the GPA since there are no MFN exceptions. Nevertheless, for a developing country like Indonesia, government procurement represents an important instrument of national development and, therefore, we reserve the right to maintaining its role.

In conclusion, let me stress our belief that, in the face of the challenge of increasing economic globalization, an open and rule-based multilateral trading system, which inherently incorporate development dimension, offers the best promise for increasing the living standards of our peoples. The WTO has raised the hopes that the international community will be able to rely on a multilateral instrument that addresses this challenge. Therefore, we would like to take this opportunity to once again, reaffirm Indonesia's commitment to the WTO.