



Permanent Mission of
Malaysia
to the United Nations

Statement By
The Honourable Abdul Rahim Bakri
Member of Parliament, Malaysia
On Agenda Item 50(A): Macroeconomic Policy Questions: International
Trade and Development at the Second Committee of the 61st Session
of The United Nations General Assembly New York
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Madam Chairperson,

At the outset my delegation would like to associate itself with the statement made earlier by South Africa and Indonesia on behalf of the G77 and China and ASEAN respectively. We also align ourselves with the statement made by Australia on behalf of the Cairns Group. We would also like to express our appreciation to the Secretary General for his report contained in document A/61/272.

Madam Chairperson,

2. July 27, 2006 marks the date when hopes for the creation of a global trading system that is more favourable for development were lost, perhaps irretrievably. The significance of this event, if it does indeed portend the complete collapse of the Doha negotiations, cannot be over-estimated. Not only will all of us lose the economic benefits that freer and fairer trade will bring, but the entire multilateral trading system will be threatened. It would encourage the proliferation of regional and bilateral FTAs, which are merely second-best solutions for free and fair trade, but also given the inherent power asymmetries between the rich and the poor, will put developing countries in a position of permanent disadvantage. It would also strengthen the voices of protectionism all over the world.

3. Given this, Malaysia firmly believes that it is crucial that steps be taken to restart the stalled negotiations process in the WTO within the shortest possible time frame. In addition, Malaysia believes that these steps must be based on the principles of inclusiveness and transparency, and be aimed at achieving a pro-development agreement.

4. In this regard, given the economic clout of the developed countries, the greater burden to restart the process falls upon them. Further, the suspension of talks was due to their unwillingness to reach agreement in issues such as agriculture market access, domestic support and non-agriculture market access. Unfortunately, their current positions do not provide an adequate basis for leading the negotiations to a successful conclusion.

Madam Chairperson,

5. Beyond the need to resume the stalled negotiations, the issue of the content of the Doha Round's outcome also needs to be addressed. For Malaysia, the heart of the issue is the need to ensure that agreement reached is pro-development and that it results not only in freer, but also fairer trade. In this vein and in view of the income disparities that exist between developing and developed world, Malaysia believes that it is unfair for the developed countries to ask developing countries to make concessions equal or more than what they can themselves make.

6. The fact that these demands have been made is due in great measure to the institutionalized asymmetries that have strengthened since the transformation of the WTO from the GATT. This finds expression in the highly selective manner in which the greater openness of markets has been pursued by the developed world, which reflects their own predilections and interests. What is more galling is that these interests are often reflective of the vested interests within their own economies, rather than the welfare considerations of their own societies as a whole.

7. Examples of these double standards practiced by the developed world are easily found. The first example related to the use of subsidies, which are deemed inherently bad when used for the industrial sectors, but it is quite all right if used to support the agricultural sectors. The second example pertains to intellectual property rights (IPRs), which are sacred for the private interests of the IPR holders, while issues related to public interest rate a very poor second.

8. It should also be noted that while the negotiated WTO agreements apply to all members equally in terms of legal obligations, they are much more burdensome for developing countries in economic terms. It is therefore critical to view the 'level playing field' metaphor not only in terms of legal constraints, but more importantly, in terms of economic constraints, considering the differing structural characteristics and levels of development among countries.

9. In addition to the issues outlined above, the following concrete steps also need to be taken if international trade is to be made freer and fairer, and in so doing ensure that the benefits of globalisation are more equitably shared:

9.1 One, give due consideration to the importance of giving adequate policy-space for developing countries to pursue their developmental goals in a manner that takes into account each countries' specificities;

9.2 Two, further develop the principle of Special and Differentiated Treatment in a manner that serves the legitimate developmental needs of the developing countries; and

9.3 Three, give greater emphasis on capacity building and technical assistance to enable smaller countries to participate meaningfully in the negotiations. Supply side constraints must be tackled by an effective Aid-for-Trade programme that ensures an addition of resources, predictability and delivers need-based programmes. Further, for the Aid-for-Trade initiative to be effective, it must be channeled multilaterally and integrated into country development strategies.

10. On our own part, Malaysia remains fully committed to the multilateral trading system under the World Trade Organisation (WTO). Our approach is premised on the principle of

progressive trade liberalization and will continue to maintain a pragmatic approach that is consistent with the development and economic needs of the country.

Madam Chairperson,

11. Boosted by the continued expansion of the global economy, Malaysia's total trade grew by 9.9 percent in 2005 compared to 2004. Malaysia's exports especially recorded robust growth, expanding by 11 percent. This compared to an increase of 6 percent for global real merchandise exports. Malaysian imports, on the other hand, grew by 8.5 percent. As a result, Malaysia's trade balance increased by 23.7 percent in 2005, which was the eighth consecutive year of trade surplus.

12. From a regional perspective, the strongest growth in Malaysia's total trade was with ASEAN, which increased by 13.8 percent. ASEAN accounted for 26.1 percent of Malaysia's total exports, compared to 25.1 percent in 2004. It is noteworthy that since 2002, Malaysia's exports to ASEAN have been growing at an average annual rate of 13.6 percent. These figures are proof of the potential of closer regional economic integration as well as South-South Cooperation.

13. As we face a more competitive trading environment, it is becoming even more important for countries like Malaysia to continue to focus on diversification of its export markets. Experience has shown that non-traditional markets have a greater potential for growth. For example, in 2005, increases were registered in exports to Luxembourg (800 percent), Sudan (300 percent) and Ukraine (95.3 percent). The Malaysian government will continue to take proactive steps to ensure that Malaysia's trade position continues to strengthen, including through stronger public-private sector partnerships.

Madam Chairperson,

14. The benefits of trade can only be equitably enjoyed if there is a resumption of the Doha round negotiations, which is aimed at arriving at a pro-development agreement. Given the clout which the developed world possesses, it is incumbent on them to bear the greater burden of this responsibility. Malaysia urges them to do so.

Thank you.