

# WORLD TRADE ORGANIZATION

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## MALAYSIA

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Since 1996, soon after the completion of the Uruguay Round, and the establishment of the WTO, calls have been made to launch a new round of trade negotiations to strengthen the multilateral trading system and to respond to the rapid changes brought about by the process of globalization.

Clearly the UR could not realize a trading system that would be relevant right into the 21<sup>st</sup> Century. However, the multilateral trading system continued to show resilience and more countries are applying to become members of the WTO.

It cannot be denied that countries which vie for foreign direct investments must have in place Investment Regimes that are attractive, predictable and business friendly. But binding universally applicable investment rules and disciplines, without adequate flexibilities may result in the marginalization of domestic economic considerations.

Malaysia agrees to the ongoing process of clarifying and explaining the new issues, but without any objective of undertaking negotiations.

Perhaps, in order to enable WTO Members to benchmark their individual practices and regimes, the WTO can initiate the evolution of Best Practice Modules for the areas of Investment, Competition and Government Procurement, emphasizing the aspects of transparency, predictability and administrative integrity. Such reference to Best Practice Benchmarks can assist WTO Members to improve their own practices and rules, without having to subscribe to multilateral disciplines that are linked to dispute mechanism.

The experience of many WTO Members during the Uruguay Round shows that even the most innocuous of subjects can take a life of its own, and evolve into something never envisaged in the first instance. In 1986, mandate was given to negotiate rules to combat counterfeiting. In 1994 this had evolved into the Agreement on TRIPS with far-reaching implications and difficulties for developing countries.

Malaysia does not want to see a repeat of such a situation, especially when new issues have not been extensively and exhaustively discussed and elaborated from all aspects.

It is for this reason that Malaysia urges the WTO to adopt new approaches when dealing with issues that impinge on sensitive domestic policies. The WTO cannot treat the new issues in the same manner as market access for goods and services. We may need to look into the possibility of starting with non-binding guidelines which carry no penalty clauses or dispute settlement procedures.

In short, the WTO must have a realistic approach when dealing with these new issues that are not ready to be dealt with in negotiations, but require continued educative process for better understanding of the many implications.

Implementing commitments made in any Multilateral Trade Round have been proven to have high element of cost to many WTO Members and the question of capacity building has always been raised.

Malaysia would like to propose that the WTO establish a special unit within its structure, that can formulate and implement programmes such as in Human Resource Development, technical and legal assistance and other necessary capacity building measures that can directly involve the personnel of WTO Members requiring such assistance. The unit can also serve as the conduit for channelling financial assistance to WTO Member countries, which come from International Financial Institutions.

Malaysia supports the launching of a new Round, but it is important that the consensus approach continue to prevail in the decision-making. We should not subject ourselves to purely political expedience, or to be dictated by the need to send signals to the world.

After all, the WTO is the world. The signals in the WTO Conference are there for us to discern and to make out. For Malaysia, the signals that we have detected are as follows:

- (a) Many countries are comfortable launching a new round with a limited agenda package which contain the mandated issues and also industrial tariffs.

- (b) Many countries are not ready to discuss negotiations on the new or Singapore issues,