

PAKISTAN

Statement Circulated by Mr M. Ishaq Dar,
Minister of Commerce and Head of Delegation

1. It is an honour to represent Pakistan at this important Ministerial

for the contributions they have made in preparing
for the success of this Conference.

4. This Ministerial Conference is important for several reasons:

- It marks 50 years of the existence of the Multilateral Trading System;
- it is taking place in the midst of a major economic crisis emanating in East Asia, which has raised concerns regarding the global trade and economic system;
- this Conference's decisions will signal the future directions of trade negotiations.

5. The Government of Prime Minister Nawaz Sharif is committed to economic and trade liberalization. Our economic regime is among the most liberal and open in the world. Finance and investment can flow freely; tariffs have been significantly reduced and quantitative restrictions virtually eliminated, notwithstanding balance-of-payments and fiscal constraints. Thus, Pakistan has a strong commitment to the maintenance and strengthening of the Multilateral Trading System.

6. Fifty years after the Havana Charter launched the GATT, we can look back with considerable satisfaction at the general success of the prescription of liberalization and free markets. In the last half century, the global trade has expanded exponentially due in large measure to the reduction of tariff and non-tariff barriers. Progressively open trade has been the propellant for growing global economic growth. The conclusion of the Uruguay Round Agreements - as a "single undertaking" - and the creation of the WTO, represented the most ambitious steps to realize comprehensive liberalization of all forms of trade - goods, services, intellectual property and investment. And, for the first time, it was agreed that two sectors of special interest to the developing countries - textiles and agriculture - were also to be subjected to the discipline of free trade.

7. While appreciating the benefits of liberalization, and the significance of its achievements, we cannot ignore the darker side of the picture. Increased trade and investment have by-passed the majority

of developing countries. The gains from trade liberalization have been disappointingly asymmetrical. Areas of special interest to developing countries - Textiles, Agriculture,

reason to wonder whether new ways will not be found at that time to circumvent the obligation to liberalize textiles trade.

21. Meanwhile, far from liberalizing textiles trade, further restrictions have been imposed through various means. One importing country applied transitional safeguard measures 23 times during the first year after the ATC was concluded, freezing, and in some cases "rolling-back", market access levels for several products. Another importing entity has resorted to the repeated use of anti-dumping actions, in one instance repeatedly against the same products from the same exporting countries. This is being done in full knowledge that the anti-dumping complaint is unsustainable and that the initiation of the anti-dumping action will result in effectively freezing export levels. Similarly, the unilaterally formulated Rules of Origin are sought to be used by one major importer to add to the restraint levels against the most competitive or low-cost textile exporting countries.

22. An analysis of the overall benefits flowing from the Agreement of Agriculture is hardly more optimistic than the evaluation in the textiles sector. Due to their historical maintenance of highly restrictive agricultural regimes, most of the major trading countries and entities - the United States, the European Union and Japan - have been able to transform these into extremely high levels of tariff protection - at times between 200 to 500 per cent - as allowed by the Agreement on Agriculture. These tariff levels are much higher than those which the developing countries can maintain, since they did not historically protect agriculture. The Aggregate Measurement of Support has also been used to apply much lower reductions of production subsidies in sensitive sectors. And, market access benefits have been eroded by: inadequate implementation, non-tariff measures, non-compliance with export subsidy commitments; allocation

28. We trust that further liberalization in agriculture - preparations for which can be initiated in 1999 - will serve to redress asymmetries against developing countries inherent in the present

inter alia, further liberalization on the Movement of Natural Persons.

30. The mandatory reviews of several agreements are also important. They will provide an opportunity to identify and correct some of the shortcomings characterizing the agreements to be reviewed.

31. In particular, the review of the Dispute Settlement Understanding is of special interest to the developing countries. While the present system is considered to have operated more effectively than the past, it continues to be weighted against the developing countries. The costs of WTO dispute settlement are high, the system is complex, panel decisions cannot be imposed against larger trading partners and provide no definite time-frame for compliance. Most importantly, the ultimate recourse to trade retaliation is not a credible option to provide redress to smaller countries. The review of the dispute settlement system should address these issues. Apart from the possibility of trade retaliation, it must provide for compensation for loss of trade earnings. On the other hand, cross retaliation between different sectors and different agreements should be restricted in the case of developing countries.

32. The future negotiations which we have agreed to undertake so far relate only to issues under Implementation and the so-called Built-in Agenda. Apart from this, we had taken decisions to set up certain Working Groups to conduct studies but without any commitment to enter into negotiations. We are prepared to consider the reports of the Working Groups on Trade and Investment, Trade and Competition and Transparency in Government Procurement when these are completed and ready for presentation to the General Council. These issues should not be equated with other areas where there is already agreement to conduct negotiations under the WTO rubric.

33. Similarly, new proposals, such as the one relating to Electronic Commerce, will need to be carefully examined within the WTO by member countries before decisions to undertake negotiations or other work can be taken. In considering such proposals for new issues or new sectors for negotiations, it is important to bear in mind the need for maintaining the balance of interests among member countries as well as the limitation in the absorptive capacity of the WTO members as well as the Organization itself.

34. The decisions adopted at this Conference regarding the future programme of WTO activities must therefore clearly distinguish between the four elements of the Work Programme including the priority and time-frame for undertaking and completing the work involved and the nature of the decisions to be taken as a result of the process. The highest priority should be to secure full and balanced implementation of the already concluded Agreements, in letter and spirit. The second priority is to fulfil the decisions taken with regard to the negotiations on further work envisaged in the Built-in Agenda. The third area is the completion of the study phase of the Working Groups as agreed in Singapore. Finally, the proposals for new issues will require initial examination within the General Council before any decision can be taken regarding further work or action on these proposals.

35. The decisions we adopt at this Ministerial Conference, or subsequently, must be achieved through the painstaking process of consensus. Any method of work that is less democratic or transparent is

likely to erode the credibility and acceptability of the decisions for trade liberalization that emerge from the World Trade Organization.

36. Pakistan looks forward to participating actively and constructively in this process.
