

## SINGAPORE AND INTERNATIONAL LAW<sup>+</sup>

THE objective of this section is to reproduce materials which illustrate Singapore's attitude and approaches on questions of international law. As far as possible, primary materials are reproduced but where they are unavailable, secondary sources will be included. The materials are presented under the following headings:

- I. Policy Statements\*
- II. Legislation\*
- III. Judicial Decisions\*
- IV. Treaties (other than ASEAN Instruments)\*
  - V. Association of South-East Asian Nations (ASEAN) Treaties, Declarations and other Instruments
- VI. Singapore in the United Nations and other International Organisations and Conferences

The materials are compiled from various sources, including Singapore Government Press Releases. It should be stressed that any text reproduced herein is not to be regarded as officially supplied to the *Singapore Journal of Legal Studies*.

The following extracts include speeches and statements which focus on key issues.

- V. ASSOCIATION OF SOUTH-EAST ASIAN NATIONS (ASEAN)  
TREATIES, DECLARATIONS AND OTHER INSTRUMENTS.
- (g) *STRATEGY FOR ASEAN COMPETITIVENESS IN THE WORLD ECONOMY - A SINGAPORE PERSPECTIVE*: Keynote Address by Mr Goh Chok Tong, Prime Minister and Minister for Defence, Republic of Singapore, at the CSIS-Asia Society Conference in Bali, on Monday, 4 March 1991 (Singapore Government Press Release No: 04/MAR, 02-1/91/03/04)

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<sup>+</sup> Continued from [1991] S.J.L.S. 231.

<sup>\*</sup> There are no materials under this heading in this issue.

*Zero-Sum Benefit from Asean Economic Co-operation*

... Let us examine ASEAN cooperation in two areas against this yardstick - the ASEAN PTA (Preferential Trading Arrangement) and the ASEAN Industrial Projects.

The ASEAN PTA which was signed on 24 February 1977 contains five measures to liberalise trade among member countries. These are: the granting of tariff preferences, long term quantity contracts, preferential terms for financing, imports, preferential procurement by government agencies and the liberalisation of non-tariff barriers on a preferential basis.

... The philosophy behind the PTA is not based on enhancing competitiveness. It is based on cooperation to exclude competition.

This is also the philosophy of the ASEAN Industrial Projects.

In this cooperative effort, each ASEAN country could establish a large scale industrial project to meet the needs of the ASEAN market. All projects enjoy preferential access to the entire ASEAN market.

The cooperative effort is aimed at excluding competition from outside ASEAN and from within ASEAN. I call this zero-sum cooperation. When one country has the project, the other countries cannot have it. It must settle for something else.

*Competitive Co-operation*

... By competitive cooperation, I mean working together to attract generic investments into the region and competing, through the market mechanism, to have particular investments located in your country. The governments facilitate the free flow of these investments rather than obstruct. They compete even as they cooperate, and in competing sharpen their own national competitiveness as well as ASEAN's collective competitiveness. The type of investments a country gets is determined by the market, not by bureaucrats.

*Growth Triangle*

... The Growth Triangle is the geographical area comprising Singapore, Johor, the southernmost state of Peninsular Malaysia, and the Riau islands of Indonesia, especially Batam, an island about two-thirds the size of Singapore, 20 minutes away by hovercraft.

These three areas have different comparative advantages.

Singapore has the advantage of being a global communications centre which has a strong supporting financial services sector. However, we are short of both labour and land. The Malaysian state of Johor already has a solid infrastructure base which can support intermediate industrial activities. Batam to the south of Singapore has ample land, abundant natural resources and plentiful supply of labour. The advantages of Batam, Johor and Singapore complement each other extremely well.

... Batam has decided to plug into Singapore to develop. So has Johor. It is like Shenzhen in China twinning with Hong Kong. Singapore is happy to cooperate by relocating its labour-intensive and other industries which Batam and Johor can do better. Whether these industries go to Batam or Johor depend on their competitiveness. It is not decided by ministerial and official meetings. In relocating these industries, labour is freed in Singapore for higher skilled industries. It makes Singapore more competitive for such investments. It makes Batam and Johor more competitive too. Let me illustrate. There is on-going Singapore-Indonesia cooperation in telecommunications services to the Riau Province. Because of the proximity between Singapore and Riau, the telecommunications authorities on both sides are considering linking the telephone networks so that international calls to and from the Batam Industrial Estate are channelled through Singapore. Singapore has invested huge sums in recent years to build up its telecommunications infrastructure to world-class standards, including an extensive network to many parts of the world. There is sufficient capacity to cope with the increased load. Economies of scale can be reaped, resulting in lower costs per call. Linking Batam's telecommunications to Singapore would increase Batam's economic competitiveness as it can benefit from Singapore's global networks.

... In the Growth Triangle, the governments have signalled their will to cooperate and to provide the umbrella for the businessmen to decide where they want to locate their investments. They cooperate by facilitating the movements of businessmen and the flow of investments within the Triangle. They cooperate on the basis of competitiveness and strengthening each other's competitiveness. The strategy is to catch the eye of investors and tourists with the attractiveness of the entire triangle first, and then let them decide which part of the triangle is most attractive to them. Every party is confident that it will benefit more with this competitive and cooperative approach than the approach of going it alone.

... There is also another change in principle. The Growth Triangle implicitly recognizes that any joint project within ASEAN could be undertaken by any two or three parties, as and when these parties are ready.

The Growth Triangle of Batam, Singapore and Johor is a test of the viability of a new economic strategy for ASEAN. It is not exclusive to Singapore, Batam or Johor. We can draw on the principles of the Growth Triangle to apply to triangles elsewhere in other parts of ASEAN. In fact, there are talks of other Triangles already.

#### *ASEAN Strategy in the World Economy*

... The trade and investment diversion generated by the single markets in Europe and North America will affect ASEAN. ASEAN's main investment sources now come from Japan, the EC, Taiwan and US. Its main markets are the US, Japan and the EC.

ASEAN is therefore naturally apprehensive about these international economic trends. How should it respond? There is only one way. be more competitive and insist on playing on a level field. But even as ASEAN becomes more competitive, it may not be big enough a team to be able to insist on a level field. ASEAN may have to play within a bigger team. ASEAN can do this by linking up with other economies in the Asia-Pacific through structures like the East Asian Economic Grouping proposed by Dr Mahathir, and APEC. This way ASEAN will not be sidelined. By being part of a big team like the EAEG and APEC, ASEAN can play with other world class teams, in the same league. If ASEAN does not keep up with the world trend towards economic cooperation through economic groupings, Thailand, Malaysia and Indonesia may find their industrial take-off aborted. And Singapore, which has taken off, may find its engines stalling in mid-air.

We cannot allow that to happen. So ASEAN will have to cooperate to compete, and compete while it cooperates. We form six per cent of the total world population, but our share of the global GNP is only 1.5 per cent. This tells us that ASEAN as an economic grouping is not competitive. The challenge for ASEAN is to increase its share of the global GNP. The way to do it is to cooperate to strengthen each other's competitiveness. This is my view of how ASEAN can improve its performance in the world economy.

- (h) *REGIONAL CO-OPERATION*: Speech by the Prime Minister of Singapore on the occasion of his visit to the Philippines on Thursday, 11 April 1991 (Singapore Government Press Release No: 13/APR, 02-1/91/04/11)

... Up to now, countries in the Asia-Pacific and in ASEAN have achieved economic growth independently. Their growth owes relatively little to joint economic cooperation. Indeed, many can go their own way and do very well for themselves. But if they work together, much more can be achieved. APEC is a significant initiative for developing economic cooperation in the Asia-Pacific. It is important that friendly neighbours like Singapore and the Philippines continue to cooperate and give full support in the regional forums to groupings and organisations like ASEAN, APEC and explore the potential of the newly-proposed East Asian Economic Grouping. Greater regional cooperation would ensure that our interests are not neglected in the Uruguay Round of GATT.

A basic condition for economic growth and prosperity is the readiness of each country to compete within an open trading system. A survey of economies of developing countries will show that those **which** are more successful are those most prepared to meet competition head on. They welcome foreign investments and emphasize exports. They do not shield domestic industries, for protectionist policies weaken,

rather than strengthen their economies. We can, together with other like-minded countries, strengthen the regime of free international trade and investments.

- (i) *UNIONS' ROLE IN AN ENVIRONMENT OF INCREASED ECONOMIC CO-OPERATION*: Keynote address by Mr Goh Chok Tong, Prime Minister and Minister for Defence, at the Opening of NTUC Seventh Triennial Delegates' Conference at Singapore Conference Hall on Wednesday, 24 April 1991 (Singapore Government Press Release No: 23/APR, 02-1/91/04/24)

... Internationally, competition for investments will increase in the 90s. There is a new contest shaping up as countries look to investments as the real engines of economic growth. Growth in investments has now supplanted growth in international trade as the source of a nation's wealth. The latest edition of the Harvard Business Review noted that whereas world trade grew at a compounded annual rate of five per cent from 1983 to 1988, global direct foreign investments increased by more than 20 per cent each year during those five years. It is now common to see sales by the foreign owned affiliates within a country exceeding the imports of that country.

What this tells us is that we must see the new economic contest not only as a contest for markets but as a contest for investments. Economic groupings of countries are not merely to create, bigger markets among themselves but also to gain substantial competitive advantages for MNCs to site investments in their region.

... How should we respond to this trend of greater competitiveness from Europe and America? There is only one way - to become even more competitive. We can do this at two levels - regional and national. Like Europe and North America, the region must cooperate to compete for investments. Within the region, Singapore must retain its competitiveness, not in everything, but in those economic activities for which we have an edge. Only then can we attract more investments to create the new jobs which we need.

On its own, each ASEAN economy does not offer a full range of advantages which Europe or the North American Free Trade Area can. ASEAN countries are not yet ready to offer a borderless market to investors. But we can combine resources to make ourselves more competitive. This is the philosophy driving the Growth Triangle. Here we are combining resources to compete for investments as a region.

... We are in fact doing on a small scale what the European Community is doing on a big scale. Without the Growth Triangle, all three of us, Johor, Riau and Singapore will be worse off. We would lose investments to other areas, like the US-Mexico-Canada triangle. It will be better, of course, if the Growth Triangle becomes a Single Market. But that is another chapter yet to be written.

- (j) *TERENGGANU AND SINGAPORE*: Speech by Mr Mah Bow Tan, Minister of State for Trade & Industry and Communications at the Seminar on "Trade and Investment Opportunities in Terengganu" at Shangri-la Hotel on Thursday, 25 April 1991 (Singapore Government Press Release No: 31/APR, 15-2/91/04/25)

*Cooperation between Singapore and Terengganu*

... we ... can extend this concept of cooperation developed under the Growth Triangle to cooperation between Singapore and Terengganu. It is not important whether the shape of the configuration does or does not look like a triangle. What is important is that the private sector is assured that governments are working together to promote trade and investments, on the basis of mutual benefit. Governments can go one step further. They can work together to facilitate the flow of trade and investments, and set the tone for businessmen to get together, as this Seminar is doing.

... There is much potential for further expansion of trade, investment and tourism between Terengganu and Singapore. Terengganu is one of the fastest growing states along the East Coast of Malaysia. It is a net exporter of energy, has rich mineral resources, a large agricultural base, a rapidly growing industrial sector and a young labour force. Singapore firms have already invested in Terengganu. Recent investments include a large tile factory, a beach resort and an electronics components manufacturing plant. With the right incentives and conducive investment climate, I am optimistic more will follow.

Specific examples of areas which can be further explored include:

- (a) Increased trade and investment;
- (b) Training in areas such as port management and industrial estate management; and
- (c) Tourism - Tourism officials would be quick to point out that Terengganu has the longest stretch of unspoilt beaches in West Malaysia, approximately 240 km.

The success of these and other projects will be determined mainly by market forces. Governments cannot will projects to succeed if there is no market. The private sector has the best nose for which projects are viable and can benefit both sides. But Governments play an indispensable role in creating a conducive climate for trade and investment. If Government allows the private sector to operate with the minimum of restrictions, but within reason, then business will flourish. And the people will share in the wealth created.

- (k) *FIVE POWER DEFENCE ARRANGEMENTS*: Address by Mr Goh Chok Tong, Prime Minister and Minister for Defence, at the Dinner for Defence Ministers of the Five Power Defence Arrangement (FPDA) at MAS Penthouse on Saturday, 27 April 1991 (Singapore Government Press Release No: 38/APR, 02-1/91/04/27)

... When the British withdrew their forces from the region in 1971, the Republic of Singapore was still a young nation. It lacked the capacity to defend itself. The British withdrawal would have created uncertainty had the FPDA not provided the security umbrella.

The Ministers of the Five Governments affirmed, in a Communique issued in April 1971, their determination to work together for peace and stability. They affirmed their respect for the sovereignty, political independence and territorial integrity of all countries. They also affirmed their belief in the settlement of all international disputes by peaceful means, in accordance with the principles of the United Nations Charter. These principles continue to guide the FPDA today.

We value the FPDA because it provided a stable and secure environment for Singapore and Malaysia to, amongst other things, pursue economic development. Today, both Singapore and Malaysia have become what is commonly known as Dynamic Asian Economies. We recognize and appreciate the contribution of the FPDA to our stability and prosperity.

The political and security circumstances in the region have changed since 1971. The region is stable. Malaysia and Singapore are better able to look after themselves. There is ASEAN, and APEC. But the FPDA remains relevant. The FPDA shows that the United Kingdom, Australia and New Zealand are politically committed to the region. Their commitment, plus the willingness of Malaysia and Singapore to assist one another, forces any potential aggressor to ponder carefully because he will be faced with the combined response from all FPDA members.

By keeping out threats to the security of Malaysia and Singapore, the FPDA also enhances ASEAN's stability. Malaysia and Singapore are members of ASEAN. A secure Malaysia and Singapore means a more stable ASEAN. Within ASEAN, we are working towards greater ASEAN defence cooperation, through strengthening the existing network of bilateral defence ties. Strong ASEAN defence ties in turn reinforce the FPDA's objectives of a peaceful and secure South East Asia.

Of late, several other proposals on economic and security regional arrangements have been put forward. Singapore welcomes any additional arrangement which would enhance the stability and resilience of the region. We also welcome the continued presence of friendly extra-regional powers like the United States. The recently concluded Gulf War underlines the importance of having extra-regional friends interested in, and are prepared to commit forces to defend, the stability of a region.

The last time the FPDA Defence Ministers met as a group, was in September 1988, when they gathered to witness the FPDA Ex LIMA BERSATU. It was during that occasion that Malaysia initiated the idea of a regular meeting of Defence Ministers of the FPDA once every three years.

- (1) **ASEANAPOL**: Speech by Prof S Jayakumar, Minister for Home Affairs at the Official Opening of the Eleventh ASEANAPOL Conference at the San Marco Room, Omni Marco Polo Hotel on Monday, 6 May 1991 (Singapore Government Press Release No: 04/MAY, 11-1/91/05/06)

... Trade and tourism within ASEAN are increasing. With ASEAN countries easing travel restrictions, the number of visitors to the region has increased. Trade and financial dealings will increase. But there is a price to pay for our economic growth. Criminals and criminal syndicates will see in the improved regional economic situation and liberalised travel, opportunities for cross-border crime, especially commercial crime, such as document and credit card forgery, disposal of stolen properties, currency counterfeiting and computer frauds. Unless our police forces cooperate and coordinate even more closely, we will become vulnerable to, and attract, criminal elements who look for easy pickings.

It is not just commercial crimes. Other criminal elements will also consider that the ASEAN region may be a fertile ground to test. The recent uncovering of the Nigerian connection in the drug scene in Malaysia and Singapore is but one illustration.

These criminal elements could also exploit advancements in technology and improvement in infrastructure in ASEAN countries. They will become more sophisticated and more professional in exploiting weak links in our security measures.

The establishment of ASEANAPOL in 1981 was therefore a very far-sighted move. The close cooperation, exchange of intelligence and close personal contacts developed among leaders of the police forces of ASEAN countries over the years make us better prepared to tackle these problems of crime. Today, international criminals operate with greater speed, cunning and deception. We must register the message with them that in ASEAN, our police forces have very close working relations and we are determined to work together to tackle these criminal elements. We are firmly resolved that our peoples, as well as the thousands of foreigners who visit our lands, are assured that our region is a safe place to visit, live and work in.

The annual ASEANAPOL Conferences which member countries host on rotation have helped to enhance the close rapport and cooperation between the Republic of Singapore Police and the other ASEAN Police Forces. As an indication that such cooperation has really been effective today, an authorised police officer in any member country can contact his counterparts in the other member countries with requests for assistance, confident that such assistance would be accorded priority.



- (m) *FINANCIAL MARKETS AND ASEAN CO-OPERATION*: Keynote address by Dr Richard Hu, Minister for Finance, on occasion of the ASEAN Banking Council (ABC) Meeting on Friday, 10 May 1991 (Singapore Government Press Release No: 10/MAY, 08-1/91/05/10)

### *Trade and Liberalisation*

... Several threats to sustained economic growth of the region have also emerged recently from the state of the global trading system. Slower economic expansion in the industrialised countries, a rising tide of trade protectionism, the impasse at the Uruguay Round of GATT talks and the threat of greater polarisation into regional trade blocs could all combine to significantly reduce world trade in the next three to five years. Given the importance of trade and the high degree of export-orientation in many of our economies, the ASEAN region would be very vulnerable to such a slowdown. There is thus a need for greater cooperation in trade and investment within the region.

### *Increasing Regional Capital Flows*

As part of the global financial marketplace, we are not immune to the systemic risks posed by such adverse operating circumstances. The shortage of global investible capital has adverse implications for us. The dynamic growth potential of the South-East Asian economies will be stymied and the rapid pace of infrastructural development that has taken place in recent years will be disrupted if we do not take steps to meet this challenge.

The ASEAN economies have already undertaken various liberalisation measures in recent years that would be conducive towards attracting capital. Notwithstanding, ASEAN, as a group, could do more to facilitate intra-regional funding, thereby reducing the impact of the global credit crunch on our economic growth. To do so, it is important that we must upgrade our financial systems to mobilise private sector savings and encourage greater intra-regional investment flows to meet our developmental needs. In this regard, the Asian Dollar Market, with total assets of US\$390 billion at the end of 1990, has successfully fulfilled its role as the hub of fund raising for the South-East Asian region in the past decade. The pool of financial expertise, the well-developed infrastructure and efficient, low-cost services further enhance the attractiveness of the Asian Dollar Market for firms seeking to raise funds. It should, therefore, continue to be increasingly utilised as a conduit to channel funds to finance the growth of the region in the future.

Moreover, in such efforts, the private sector must provide the main impetus for growth. The private sector must adopt focussed strategies to increase their efficiency and improve their performance in the face of increased global competition. Private sector banks could

cooperate more closely, and even undertake more mergers and cross-border joint ventures, to reap the full benefits of economies of scale and wider market access. The establishment of the Asean Finance Corporation in Singapore is a fine example of greater ASEAN banking cooperation. Conversely, the role of the government should primarily be to provide the necessary guiding hand. Indeed, this has already been reflected in the sound fiscal management practised by ASEAN governments as they have reduced budget deficits and eliminated subsidies. The ASEAN Banking Council, therefore, has an important role to play in initiating greater private sector participation and encouraging more economic cooperation in the region.

### *Increased Regional Trade and Investment*

There is no doubt that the Asian region will increasingly be a vibrant source of growth in its own right. Greater economic cooperation and growing importance of intra-Asian trade will act to counter the effects of slower world trade and rising protectionist sentiments in the industrialised economies. The scope for Asian cooperation is wide. Japan, for instance, with its economic strength and technological expertise, will increasingly exert its influence and together with the other Asian NICs, will most likely be the locomotive for growth in the region. China, with its huge untapped markets, present tremendous business opportunities for increased trade and investment. Indeed, the recent decision by the Taiwanese government to use Singapore as its base for greater investment in China aptly illustrates this point of intra-region linkages.

### *Regional Financial Liberalisation - Impetus for Growth in the 1990s*

... In recent years, we have also seen a growing tendency for companies to raise money in the capital markets to complement bank borrowing. In view of this, further measures to develop domestic capital markets and spur greater foreign participation in local stock markets have also been widely adopted in many ASEAN nations such as Malaysia, Singapore and Indonesia. In recognising the increasing regionalism of companies, Singapore has also made greater efforts to facilitate capital raising for such companies. For instance, the Stock Exchange of Singapore (SES) has, in February this year, allowed primary listing from Singapore-incorporated companies whose assets and businesses are largely based overseas. The introduction of this scheme was not only in response to the trend among Singapore companies to invest outside Singapore, but also of the interest shown by many established foreign businesses in setting up a base here for their regional operations. I am also pleased to note that the SES, in opening membership to foreign participation, would give preference to ASEAN securities houses in recognition of the close ties in ASEAN. As with the growth and success of the Asian

Dollar Market, Singapore hopes to play a greater constructive role in the development of capital markets in the region.

### *Deregulation and Supervision*

Notwithstanding the importance and benefits of continued liberalisation of national financial markets, we must not forget the supervisory aspects of deregulation. In view of the current fragility and weakness of the international financial system, I cannot over-emphasize the importance of establishing and continually upgrading an effective supervision system to oversee the orderly development of the financial sector. The authorities must ensure that greater liberalisation does not impair the integrity of our financial markets or the effectiveness of our supervisory systems. A sound financial sector, overseen by an effective regulatory regime, will enhance investor confidence and place ASEAN financial markets in a better position to undertake a broader range of activities.

We must, therefore, continue to uphold stringent prudential standards and exercise vigorous supervision of all financial institutions, local and foreign, operating in our domestic markets. These financial institutions should be adequately capitalised, even above the minimum eight per cent capital adequacy ratios prescribed by the BIS, to enable them meet any contingent losses or drain on their financial resources. This would raise the confidence of depositors and lenders, especially in periods of uncertainty and distress.

At this point, it is appropriate for me to say a few words about the Uruguay Round of GATT talks. The efforts to renew negotiations and to extend the auspices of GATT to services are most welcome. International trade in services, including financial services, has become as significant, if not more important, as trade in goods, especially to a small, open economy like Singapore with an open financial services sector. We are all well aware of the benefits of greater liberalisation and cooperation. Indeed, the commitment of Singapore, and ASEAN, to deregulation is most amply reflected in our relatively open financial regime. For instance, in Singapore, the share of foreign banks in the domestic loan market is 49 per cent of total Singapore dollar loans, while their share of the domestic banking market is almost 51 per cent of total banking assets.

Nevertheless, prudential issues arising from greater deregulation need to be adequately addressed, particularly given current fragilities in the international financial system. In this respect, I am pleased to note the close cooperation of the ASEAN banking regulators in collectively taking up these issues of liberalising the financial sector under the auspices of SEACEN. We believe that any agreement on financial services should not impinge on the right of supervisory authorities to institute prudential action and implement policies to ensure financial stability and soundness. This is necessary if financial deregulation

programmes are to be carried out smoothly with minimum economic disruption. The right of supervisors to take necessary measures to effect proper supervision over all financial institutions operating in their national markets must not be compromised. The pace of financial liberalisation should hence be undertaken with due regard to the capacity for monetary authorities in individual countries to effectively regulate and supervise their respective financial systems.

Hence, we should ensure that our ability to effectively supervise our financial systems would not be handicapped by louder cries of increased liberalisation and greater foreign access to our domestic markets. Let me emphasize again that we are fully committed to increased cooperation and further liberalisation, but at the same time, it must be realised that we have already adopted a very liberal financial regime. Foreign financial institutions should appreciate that a higher degree of market access and national treatment must go **hand-in-glove** with a greater willingness on their part to abide by the same stringent prudential and regulatory conditions that many of our local institutions are required to observe. Otherwise, the concept of equal competitive opportunity and a truly level-playing field can never be achieved without such steps to equalise not only opportunities, but also constraints. "National treatment" in market access must be accompanied by "like treatment" in regulatory requirements.

- (n) *ASEAN ECONOMIC CO-OPERATION*: Speech by Mr Goh Chok Tong, Prime Minister and Minister for Defence, at the Dinner in Honour of HE Mr Anand Panyarachun, Prime Minister of the Kingdom of Thailand, at the Istana on Thursday, 30 May 1991 (Singapore Government Press Release No: 34/MAY, 02-1/91/05/30)

... Within ASEAN, all members should explore new means of economic cooperation. Perforce this means competition as well. But competition will only hone our sharpness in the world market and generate further economic activities. This is indeed the rationale for the Single European Market. By removing intra-Europe trade barriers, the European Community hopes to add US\$200 billion to their combined GDP through greater efficiency and more economic activities. This additional growth is about the size of ASEAN's total GDP. It is for the same reason that the US, Canada and Mexico are forming a North American Free Trade Area. We should study why and how they are doing so, and the potential benefits of ASEAN in following their footsteps. ASEAN economies are in different stages of economic development but if we take steps now towards freer market linkages within an ASEAN cooperative framework, we too will one day arrive at the level of cooperation and prosperity which the European Community enjoys today.

- (o) *ASEAN CO-OPERATION*: Speech by Mr Goh Chok Tong, Prime Minister of Singapore and Minister for Defence, at the State Dinner hosted by the Prime Minister of Thailand, at Government House, Thailand, on Monday, 24 June 1991 (Singapore Government Press Release No: 20/JUN, 02-1/91/06/24)

... One concern is how ASEAN will evolve after the Cambodian problem is settled. Some believe that when this happens, ASEAN will be deprived of a political rallying point. It is true that the Cambodian conflict gave ASEAN a common cause and contributed to its close political cooperation in the last decade. But ASEAN's unity and dynamism are based on our common interests in security and stability in order to achieve economic development. These interests will endure beyond the resolution of the Cambodian problem. In the 24 years since 1967 when we first gathered in Bangkok to form ASEAN, we have developed a core set of shared values, and a habit of regular consultation to reach a consensus on major issues. The settlement of the Cambodian problem will free ASEAN to pursue new areas of cooperation.

It is becoming increasingly clear that the coming years will see a new international economic dispensation. Europe is consolidating itself. North America is working out free trade arrangements for its best advantage. These are economic superpowers intent on increasing their GNP and share of world trade.

The Single European Market will be formed in 1992. A North America Free Trade Area, involving Canada, the United States and Mexico, is being created. In Mexico, the promise of liberal domestic economic policies and free trade with the United States attracted US\$4.5 billion in foreign investments in 1990. Canada, which has pledged to eliminate all tariffs on US goods by 1998, last year attracted foreign investments of US\$4.3 billion, the first net inflow in sixteen years. The North America Free Trade Area, with a total consumer market of 360 million will be even bigger than the Single European Market of 340 million people. It is also bigger in terms of combined GNP. But these are developments for emulation not for envy nor resentment. What could worry ASEAN, however, is the fact that the North America Free Trade Area will negotiate bilateral trade agreements with other countries individually and separately. Given such an imbalance of negotiating power it is difficult to see how individual ASEAN countries can adequately safeguard their interests.

To safeguard their individual interests, ASEAN members must face up to the new realities of these two powerful economic groups. We must abandon out-of-date thinking that ASEAN countries are primarily competing against each other. Of course we compete against each other for more and better investments. But ASEAN manufactured products are not primarily competing against one another, within ASEAN. They compete against other products in worldwide markets. Our common interests are best served by increasing ASEAN's attractiveness to investors

by together presenting an ASEAN mix of comparative and competitive advantages. Our future lies in export-led industries which must meet the discipline of external competition.

Many countries worldwide are re-examining their own practices of shielding certain domestic industries against foreign competition, because these practices have retarded economic efficiency and growth. The failure of the socialist economies is proof that without the discipline and stimulus of external competition, efficiency declines precipitously. What are the lessons for ASEAN from the experience of Europe and North America, and from the contrary experience of Eastern Europe and the Soviet Union? Or closer home, how can the successful industrialisation of Japan, Korea and Taiwan be translated into practice in the ASEAN context? It comes down to this question: How do we improve the conditions for more investments and greater trade within ASEAN and between ASEAN and the rest of the world? If we get the answer to this question right, the current inflow of investments will continue throughout the 1990's. Then ASEAN countries will transform themselves from agricultural-based into industrial-based economies. In less than 20 years, ASEAN and East Asia and the Asia-Pacific are likely to enjoy a level of prosperity only dreamt of before.

- (p) *ASEAN ISSUES*: Opening Statement by Mr Wong Kan Seng, Minister for Foreign Affairs, Singapore, at the 24th ASEAN Ministerial Meeting, Kuala Lumpur, 19 to 20 July 1991 (Singapore Government Press Release No: 38/JUL, 09-1/91/07/19)

### *The End of the Old World Order*

... In the year since our last ASEAN Ministerial Meeting, we have been witness to events that will have profound and far-reaching effects on the shape of the world. An unprecedented international coalition, backed by UN (United Nations) sanctions, succeeded in expelling Iraq from Kuwait. Germany was reunited, and within NATO. The Warsaw Pact and COMECON were dismantled. In South Africa, the last vestiges of apartheid are being removed. To many, a brave new world seems to be emerging out of the ashes of the Cold War. The presence of the Deputy Prime Minister of the Soviet Union, His Excellency Mr Yuri Maslyukov, and the Foreign Minister of the People's Republic of China, His Excellency Mr Qian Qichen, at this morning's opening session bears testimony to the changes that are sweeping across the globe.

Closer to home, the regional order is changing. The agreements reached by the SNC (Supreme National Council) at Pattaya and Beijing are an important step forward in the Cambodian peace process. However, I must add that the UN peace plan provides Cambodia with the best opportunity for a comprehensive and durable solution to the conflict. Any partial solution will not be viable in the long term. Fighting could erupt again. Therefore the Pattaya and Beijing agreements must be

coupled with progress on the substance of the UN peace plan. The Permanent Five, the PICC and other countries which have been working for a comprehensive political settlement must continue to press the Cambodian parties to fully implement the UN peace plan. The Cambodian conflict is in its end-game. We should see it through to a solution which is in the best interests of the Cambodian people.

The regional strategic equation is evolving. Since the end of the Second World War, the United States has made a significant contribution towards regional peace and stability through its military presence. But with the end of the Cold War, the United States has already begun its draw-down of military forces in the Asia-Pacific. While we are assured of the continued commitment of the United States to the region, we will have to make strategic adjustments as we look over the horizon.

### *Asean's Response to the New World Order*

How is ASEAN going to respond to these changes? Cambodia was ASEAN's springboard to a decade of remarkable political cooperation. But we need to look forward. ASEAN must evolve and adapt to changing circumstances.

After a decade of political cooperation with the United States and the West over Cambodia, we may be tempted to assume that ASEAN will remain a vital regional linchpin of Western strategic interests into the twenty-first century. But against a backdrop of a rapidly changing world order, countries will re-calculate their priorities and re-position their relationships.

With the end of the Cold War, we cannot assume that the Western powers will continue to woo ASEAN. ASEAN must re-assess itself. If ASEAN is inward-looking, then our strategic importance to our traditional dialogue partners, including the United States, Japan and the European Community, may very well diminish. We need to transform the substance of both ASEAN and our relations with the major economic and political powers. We should aim to position ASEAN at the core of the Asia-Pacific.

The industrial nations of the West, no longer impelled by the need to confront the Communist bloc, are shifting their focus to economic cooperation. As the defining political tensions of the Cold War diminish in intensity, the imperatives of the modern market will assert themselves. The Single European Market of the European Community comes into being in 1992. The North American Free Trade Area comprising the United States, Canada and Mexico promises a mega-market on the American continent. Where will ASEAN stand in relation to these two economic super-regions? We have had a decade of mostly strong, sometimes spectacular, economic growth. But there is no guarantee that this trend will continue. Countries like Mexico, propelled by its membership of the North American Free Trade Area, can rapidly overtake ASEAN with their pace of structural economic reforms. Unless ASEAN

itself can match and even outstrip these regions in structural reforms, trade and investment may well be diverted towards Europe and North America. ASEAN will then be marginalised in world economic forums.

In short, in response to an emerging new world order, ASEAN must set new directions in two areas: economic cooperation and political cooperation.

### *Economic Cooperation*

At the Third ASEAN Summit in Manila, ASEAN leaders declared that member states "shall strengthen intra-ASEAN economic cooperation to maximise the realisation of the region's potential in trade and development and to increase ASEAN's efficacy in combatting protectionism and countering its effects". While we have a long way to go, the ideal long-term objective should be the world as a completely open market, with the flow of trade and investments decided by market forces, and not by subsidies and tariffs. This is the world envisaged by the founders of GATT.

What should we do to promote greater ASEAN economic cooperation? If we are to fulfil the aims expressed at the Third ASEAN Summit, then ideas like the Philippines' ASEAN Treaty of Economic Cooperation, the Indonesian proposal for a Common Effective Preferential Tariff (CEPT) scheme on a sector-by-sector approach, and the Thai proposal for an ASEAN Free Trade Area deserve serious study. ASEAN should press forward with the substance and not the rhetoric and symbolism of economic cooperation. Real structural reforms should aim at broadening and deepening tariff reductions within ASEAN. We should put in place outward-oriented, export-promoting, foreign investment-induced policies. Eventually we should be able to eliminate both tariff and non-tariff barriers. Greater ASEAN economic cooperation and integration will in turn promote greater economic cooperation within the Asia-Pacific. When this happens, other Asia-Pacific and East Asian economies will gravitate towards, and link up with, ASEAN.

Externally, ASEAN should also work to strengthen the global multilateral trading system. It is in ASEAN's interests to be connected, through diversified linkages, to all major economic groupings and all our economic partners. We need to boost further these trade and investment linkages. Though the stalled GATT talks have resumed, there is no guarantee that the talks over agriculture between the United States and the European Community will be successful. Individually or even as ASEAN, we may not be big enough to have a say in GATT but APEC and the ASEAN-US Initiative can help ensure that our common interests are better represented. In this context, the Malaysian proposal for an East Asia Economic Grouping (EAEG) should be considered. Such processes and structures can be the basic building blocks of complementary informal and institutional economic linkages, which we can harness to position ASEAN at the core of a vibrant Asia-Pacific economic region. They can send a signal to the private sector that the



governments of ASEAN support further economic cooperation in a multilateral free trade system. It does not mean trade and investment links with the rest of the world are diminished. On the contrary, there will be a multiplier effect.

... In summary, to ensure that ASEAN remains a player in the world economic arena, ASEAN needs to give substance to both internal and external economic cooperation. ASEAN can strengthen internal economic cooperation through structural reforms and concepts like the growth triangle. ASEAN also needs to build its external linkages to other regions and other economies through processes and structures like APEC and the ASEAN-US Initiative.

### *Political-Security Cooperation*

Regional stability is a critical condition for economic development. Without stability, investments will not flow. In the face of a changing strategic equation in the region, this requires that we find a framework not only to engage all the countries in the region, but also the large powers contiguous to the region. ASEAN states have a vested interest to eventually engage in a full scale dialogue with these major powers, in order to ensure that our concerns are taken into full consideration. We must be prepared to explore multiple approaches for regional security which will accommodate the big and small regional countries in a constructive framework that will minimise conflict and encourage dialogue, build confidence and enhance cooperation. While we explore new approaches, tried and tested frameworks for regional security should not be abandoned. Over the long term, the security of South East Asia and the Asia-Pacific can be best served by having an engagement of all powers, large and small, if necessary in overlapping and multiple political and security frameworks.

We may need to find some kind of Asia-Pacific political process to complement the economic process of APEC. To this end, we should consider ideas like encouraging a political and security dialogue that would promote cooperation and consultation among the Asia-Pacific countries. ASEAN can play a central role in this process.

If we look at APEC as an economic process in the Asia-Pacific, then we could also consider the ASEAN PMC evolving into a structure for political and security cooperation in the Asia-Pacific. APEC was an evolution of the economic track, while the PMC could eventually focus on political and geo-strategic issues. The latter development would differentiate the ASEAN PMC from the APEC process. The recent proposal by the ASEAN Institutes of Strategic and International Studies for an ASEAN PMC Initiative warrants our attention.

### *The Fourth ASEAN Summit*

We can use the Fourth ASEAN Summit to seize new initiatives to shape the future of ASEAN. We should aim for achieving substantive

agreement on ASEAN cooperation, both in the economic sphere and in the political-security arena.

... By defining the scope and parameters of such cooperation both within ASEAN and in the larger Asia-Pacific, ASEAN is not weakened. Instead, we establish ASEAN as the core of a new regional order, preserving it, at the same time transforming it.

- (q) *MALAYSIAN AND SINGAPORE ENVIRONMENTAL EFFORTS:*  
Speech by Dr Ahmad Mattar, Minister for the Environment at the Opening of the Second Meeting of the Malaysia-Singapore Joint Committee on the Environment held in the ENV Building on 24 July 1991 (Singapore Government Press Release No: 43/ JUL, 07-1/91/07/24)

Historically, Singapore and Malaysia have enjoyed close socio-economic and cultural ties. It is only natural that we seek to extend this closeness to other areas of mutual interest. The formation of the Malaysia-Singapore Joint Committee on the Environment (MSJCE) is an indication that we have now attained a synergistic relationship in the field of environmental cooperation.

The strength of this relationship is exemplified by the speed with which the MSJCE was formed. Within a very short span of six months, the MSJCE had met to discuss a variety of environmental issues affecting both countries and is now poised to implement co-ordinated programme for the management of a wide range of transboundary environmental issues.

... We have often heard of the statement - "environmental pollution knows no boundaries". It is easy to appreciate the truism. The recent eruptions of Mount Pinatubo in the Philippines showed us how easily particulates can be transported over large distances across national boundaries. Six days after the Pinatubo eruptions, Singaporeans throughout the Island woke up to find a layer of volcanic dust on their cars and floors.

Singapore and Malaysia are less than a mile apart at the narrowest point in the Johor Straits. This proximity with Malaysia, especially the State of Johor Darul Ta'zim, makes it critical that environmental practices in the two countries are well coordinated. It is fortunate that this situation has long been recognised by our governments. Even before the formation of the MSJCE, we have had regular exchanges of data and information on a number of environmental issues. We can now look towards strengthening the existing cooperation.

At the first meeting in Johor Bahru, the MSJCE set out to standardise the approach and procedure to reduce transboundary pollution from various sources. One of the issues discussed was the control of black smoke emissions from vehicles.

The MSJCE agreed to step up enforcement action against black smoke emissions. Information on repeat offenders was exchanged between Singapore and Malaysia to facilitate enforcement.

Pollution from vehicular emissions poses a risk to public health. Singapore and Malaysia are serious about controlling black smoke emissions. We both share a common standard of 50 Hartridge Smoke Units (HSU) in our enforcement against vehicular smoke emissions. We have appealed to vehicle operators time and time again to prevent black smoke emissions by sending their vehicles for regular maintenance. If this is ignored, the authorities in Singapore and Malaysia will have no choice but to resort to more stringent measures in order to protect public health.

Each and everyone of us has a part to play in environmental protection. To be successful, government legislation and enforcement will have to be complemented by the inherent desire of the individuals to fulfill their moral obligations towards the environment. Vehicle operators are no exception. If we allow them to pollute, the cost of their irresponsible actions would be our precious clean environment and good health.

Less than a year from today, countries around the world will gather in Brazil for the 1992 United Nations Conference on Environment and Development (UNCED). Much of the focus of UNCED will be on the issues of environment and development.

I have often advocated that environment protection and economic development are two sides of the same coin. Both are important goals which are complementary, not contradictory. We are able to see the consequences faced by countries that pursued economic development without due consideration for their environment.

In recent years, the economic performance of ASEAN countries has been impressive. To underscore this excellent performance, ASEAN countries will have to place more emphasis on environmental protection. This must include taking into consideration environmental protection in economic planning and development.

At the last meeting of the MSJCE, the Honourable Tan Sri Muhyiddin, the Menteri Besar of Johor announced that "environmental sustainability will always be part and parcel of Johor's development effort". It is a call that I would like to reiterate. The MSJCE can play an active role to ensure that the principle of sustainable development is integrated in the developmental policies of both countries.

- (r) *PEDRA BRANCA*: Ministry of Foreign Affairs Press Statement 16 September, 1991 (Singapore Government Press Release No: 21/SEP, 09-0/91/09/21)

Recently Malaysian press and television have reported important UMNO political leaders in Johor claiming that Pedra Branca belongs to the State of Johor. A Johor Bahru UMNO Division delegates' meeting on Friday 13 September 1991 passed an extraordinary resolution calling on the Malaysian government to restore Malaysia's sovereignty over Pedra Branca.

Pedra Branca is part of the territory of Singapore. Singapore has since the 1840s, by virtue of both its acts and those of its predecessor governments, occupied and exercised sovereignty over Pedra Branca and the waters around it.

However, in the interest of resolving Malaysia's claim, and in the spirit of close and warm relations between Malaysia and Singapore, the governments of Malaysia and Singapore had reached an understanding in December 1981 that the matter should be resolved through a formal exchange of documents. In this context, Singapore has on numerous occasions requested Malaysia for an early date for the formal exchange of documents. In 1989, in a further effort to seek a resolution of Malaysia's claim to Pedra Branca, Singapore proposed that if after the exchange of documents the matter is not settled, the dispute could be adjudicated upon by the International Court of Justice, whose decision shall be binding on both sides.

The Singapore Government therefore welcomes the statement of the Deputy Minister of Foreign Affairs of Malaysia, Dato' Dr Abdullah Fadzil Che Wan, that Malaysia is ready for talks with Singapore on this matter and that a third party should be asked to help resolve the matter if Malaysia and Singapore could not resolve it themselves. The Singapore Government also welcomes the statements by the Deputy Minister of Foreign Affairs of Malaysia and the Menteri Besar of Johor, Tan Sri Muhyiddin Yassin, that their government is ready to provide evidence of Malaysia's claim to the island. Singapore is likewise prepared to provide evidence of its ownership of Pedra Branca.

In the light of the statements made by the Deputy Minister of Foreign Affairs of Malaysia and the Menteri Besar of Johor, the Singapore High Commission in Kuala Lumpur has once again informed Wisma Putra that Singapore would like to have the formal exchange of documents as soon as possible. Singapore has also reiterated to Malaysia that if after an exchange of documents the matter is still not resolved, it could be referred to the International Court of Justice for adjudication.

It is in the best interest of both governments to have an exchange of documents without further delay, in accordance with the 1981 understanding between them, so that the ownership of Pedra Branca can be resolved once and for all.

#### VI. SINGAPORE IN THE UNITED NATIONS AND OTHER INTERNATIONAL ORGANISATIONS AND CONFERENCES

- (e) *REALITIES IN THE U.N. PEACE-KEEPING*: Speech by Mr Wong Kan Seng, Minister for Foreign Affairs and Minister for Community Development, at the Opening of the UNDP/IPS Symposium on 'The Change Role of the United Nations in Conflict Resolution and Peace-keeping' at the Regent Hotel on Wednesday, 13 March 1991 (Singapore Government Press Release No: 14/MAR, 09-1/91/03/13)

Peace-keeping is one of the most important innovations of the United Nations. In recent years, UN peace-keeping activities have played a helpful role in many conflict situations. In 1948, the first UN peace-keeping operation, the UN Truce Supervision Organisation (UNTSO), was created to monitor an uneasy Truce in the Middle East. Since then, eighteen other UN peace-keeping operations have been established. The achievements of the UN in peace-keeping was recognised by the award of the Nobel Peace Prize in 1988. The end of the Cold War and the war in the Persian Gulf provide an opportunity for the UN to re-examine its role in the resolution of conflicts and peace-keeping.

Singapore is hosting this Symposium on "The changing role of the UN in conflict resolution and peace-keeping" because of our commitment to the United Nations. We want to help enhance the effectiveness of the UN to maintain international peace and security. We have, in the recent past, made two small contributions to the UN's activities in this field. We made a small contribution of police monitors and election supervisors to oversee the elections that led to Namibia's independence. We sent a medical team to join the multinational force in the Gulf. We are prepared to take part in other UN peace-keeping efforts when called upon to do so.

Let me now turn to touch briefly on three issues regarding the nature of the post-Cold War World order and the role of the UN in the new order.

First, is it premature to assume that the Cold War has ended? Will domestic conflict and upheaval in the Soviet Union harm relations between Moscow and the West? If the hardliners regain power in the Kremlin, will it lead to a new discord between the two superpowers? In the Gulf war, the US and the Soviet Union have cooperated to achieve UN Security Council objectives, even though there were different pulls in the final days of the war. This cooperation must be sustained in the search for a comprehensive peace in the Middle East. Without US-Soviet cooperation, the Security Council could once again be paralyzed as it was for decades after its creation.

Second, the UN Security Council works well when the five Permanent Members are able to agree and can win the support of at least four other members of the Council. We have seen this in the Gulf crisis. But is the Security Council's role in the Gulf a unique case or a precedent for the future? We should study ways to ensure that the UN can work just as effectively in the future, even under different conditions. The Five Permanent Members have to constantly work to win over the trust and confidence of the other UN member states to ensure that they are not seen as a superior "Directorate" imposing their views on other states.

Third, we in Asia must come to grips with what Japan should do for international security. Americans have criticised Japan for not doing enough in the Gulf crisis. They want Japan to share both the human and financial costs. The dispute threatens to damage US-Japan relations. But many in Asia are afraid that American demands and pressures will push Japan to become once again an independent military power.

The Japanese do not want to develop in that direction given the legacy of history, the sensitivities of her neighbours and the strong pacifist sentiments at home. How do we engage Japan in questions of security? Japan would need to earn the trust of its Asian neighbours in order to take on peace-keeping roles under UN auspices. Perhaps the time has come for Japan to have a full, comprehensive and frank dialogue with its Asian neighbours to ensure that no misunderstanding develops between Japan and its Asian neighbours as it undertakes greater global responsibilities.

Turning to Southeast Asia, Cambodia will be a prime target of UN peace-keeping efforts. We have seen Vietnam move from rejection to implicit acceptance of a UN peace-keeping force. But we urge Phnom Penh and Hanoi to quickly accept the United Nations consensus on a political solution. If they delay further, the world will reach the end of its patience with the Cambodian problem. They may miss the last chance for peace and, tragically, not reap the dividends that would flow their way from a peace settlement.

- (f) *SINGAPORE'S PARTICIPATION IN UNIKOM*: MFA Press Statement, 23 April, 1991 (Singapore Government Press Release No: 24/APR, 09-0/91/04/23)

The Government has accepted a UN invitation for Singapore to send a seven-member **SAF** team to participate in the United Nations Iraq-Kuwait Observer Mission (UNIKOM). This reflects Singapore's strong support for UN efforts to bring more durable peace and stability in the Gulf region. Singapore's participation in the peace-keeping operation is in accordance with UN Security Council Resolutions 687 and 689, which provide for the establishment of UNIKOM to monitor the demilitarised zone between Iraq and Kuwait.

The Singapore team, comprising five majors and two captains, leaves Singapore on 24 April 1991 for Kuwait City. They will join military observers from 32 other UN-member countries to form the 300-strong UN military observer team for UNIKOM and will be stationed within the demilitarised zone, which extends ten kilometres into Iraq and five kilometres into Kuwait.

- (g) *INTERNATIONAL CO-OPERATION IN CIVIL AVIATION*: Keynote address by Dr Yeo Ning Hong, Minister for Communications and Second Minister for Defence, at the Opening Ceremony of the 46th International Federation of Airline Pilots Associations (IFALPA) Annual Conference at the Stamford Ballroom, Westin Plaza on Thursday, 25 April 1991 (Singapore Government Press Release No: 30/APR, 03-1/91/04/25)

### *International Cooperation for a Free and Safe Sky*

... The Gulf War caused traumatic difficulties to many airlines. Fuel cost rocketed upwards. Passenger load factors dived downwards. Com-

mercial aviation hit a low note. Many airlines came close to going under.

The war is over now. The future for the aviation industry looks promising once again. But the Gulf War is a grim reminder for us not to take a free and safe sky for granted. This morning, I would like to share some thoughts with you on the importance of international cooperation in the development of a free and safe sky. I would also mention some examples of Singapore's participation in this international cooperation.

### *Liberal Aviation Policies*

First let me touch on the role of governments. Governments play a pivotal role in shaping the sky of the future. A catalyst for aviation growth is a free sky. Enlightened governments adopt liberal aviation policies to allowing airlines to expand and meet fully the demands for trade and tourism. Enlightened governments also realise the need to wean their national airlines from the false security of protectionism and allow greater free market competition to better serve the travelling public. With more enlightened governments practising greater liberalisation, civil aviation will take a big leap forward.

Singapore is a firm believer of open skies. We have all along pursued a liberal aviation policy. Our air service links, our airport, our trade, our tourism, and our economy have clearly benefitted from this policy. We continue to liberally exchange air traffic rights with other countries. We have granted unilateral hubbing rights to British carriers for passenger services and unilateral hubbing rights to US carriers for cargo services. We encourage as many airlines to fly to Singapore, linking Singapore to as many destinations in the world as possible. Our track record speaks for itself - 53 airlines connect Singapore to 110 cities in 52 countries with 2,000 flights per week.

### *Regional Cooperation to Increase Airspace Capacity*

... Governments should invest in airport and runway capacities to keep in pace with demand, not after demand has long exceeded capacity. Governments should also cooperate internationally to increase airspace capacity to permit a higher volume of air traffic. In this respect, Singapore has played an active role. Over the years, we have doubled the airspace capacity for handling flights from Singapore to the Middle East and Europe as well as to Hong Kong and Japan. This was achieved by establishing additional new airways and increasing capacity on several existing airways by more than 50 per cent through improved air traffic control techniques. Here I want to express our gratitude to ICAO, the airlines, and other governments for their support and cooperation in making such achievements possible. Singapore is currently closely monitoring the development of satellite technology to see how it can be harnessed to increase airway capacities further.

*Ratification of Article 83 bis*

... Singapore is a member State of ICAO. We support ICAO's efforts in promoting international cooperation. A recent example is our decision to ratify an amendment to the ICAO Convention known as Article 83 bis. This amendment allows the transfer of the fundamental responsibilities for ensuring the safety of leased aircraft from the State of registry to the State in which the operator is based. The amendment would improve the safety of leased aircraft by ensuring more effective monitoring of operation and maintenance.

As of now, the amendment still requires ratification by some 40 States before it becomes effective. I believe IFALPA is amongst the several international bodies which have been encouraging States to ratify the amendment. We join IFALPA in calling upon more States to enhance aviation safety by helping to promote the successful implementation of the amendment.

- (h) *JAPAN AND SINGAPORE*: Speech by Mr Goh Chok Tong, Prime Minister and Minister for Defence, at the State Banquet in Honour of Prime Minister and Mrs Toshiki Kaifu at the Istana on Thursday, 2 May 1991 (Singapore Government Press Release No: 02/MAY, 02-1/91/05/02)

... Japan is already an important player in the economic development of the region. Japan's international role will inevitably grow with time. Japan will be expected to shoulder new international responsibilities. Japan's future directions and its global role are being debated both in and outside Japan. Whatever the conclusion of this debate, the healthy relationship between the US and Japan should be nurtured. The US-Japan security alliance must remain the foundation of stability for the region. A Japan that remains firmly anchored to the US alliance system and which is trusted by its neighbours will be a positive force, not just for the Asia-Pacific, but for the whole world. A rupture in this security relationship will bring about a new alignment of forces, and cause major uncertainties and instability.

Countries in this region follow Japan's internal debate about its future international role closely. Japan's decision will affect them. Japan's economic leadership in the Asia-Pacific is undisputed. Japan is accepted as a major economic power, with growing political influence. However, some are apprehensive over how Japan will wield this power. Japan needs to build trust with its neighbours and the ASEAN countries, to smooth its path to discharge its global responsibility as a major economic power. Open and frank dialogue will help. More importantly, Japan's actual actions over a period of time should reassure its neighbours, large and small, that Japan's purpose is to further the stability and prosperity of all the countries in the region.

Singapore and Japan enjoy good bilateral relations. Our economic ties are strong. Japan is Singapore's second largest trading partner and



investor. Several Japanese companies have set up operational headquarters for the entire region in Singapore. Many Japanese banks are in Singapore. Eleven Japanese news organizations operate in and from Singapore. Two major Japanese newspapers, *Asahi Shimbun* and *Ninon Keizai Shimbun* are printed in Singapore by satellite for regional distribution. The Japanese school in Singapore is the largest outside Japan. A second Japanese school has just commenced operations here - the first Japanese senior high school in the region. These linkages are useful to both Singapore and Japan. We would like to broaden and deepen them further.

- (i) *SINGAPORE'S ASSISTANCE TO THE KURDS AND OTHER IRAQI REFUGEES*: MFA Statement, 9 May 1991 (Singapore Government Press Release No: 09/MAY, 09-0/91/05/09)

The Singapore Government, in response to the appeal of UN agencies for assistance to alleviate the continued plight of the Kurds and other Iraqi refugees, has decided to make a contribution of US\$25,000 to this humanitarian cause. Its donation will be channeled through the United Nations Disaster Relief Organisation, which is in charge of relief operation in Iraq.

- (j) *INTERNATIONAL ENVIRONMENT EFFORTS*: Speech by Dr Ahmad Mattar, Minister for the Environment, at the Opening Ceremony of the Asia-Pacific Conference on Chlorofluorocarbons (CFCs) Issue and Greenhouse Effect held at the Hyatt Regency Hotel on Thursday, 16 May 1991 (Singapore Government Press Release No: 15/MAY, 07-1/91/05/16)

... The environmental challenges of the 1990s are colossal and no country or region can hope to tackle them alone.. A cooperative approach is needed from both developed and developing countries, and from peoples of all creeds and races.

It is hoped that the battle plan for this vital war will be set when the international community meets in Brazil in June 1992 for the United Nations Conference on Environment and Development (UNCED) or the Earth Summit, as it is now called.

Singapore is honoured to be able to contribute to this global effort towards environmental salvation. The Preparatory Committee for the UNCED, under the Chairmanship of our *Ambassador-at-Large*, Professor Tommy Koh, is charged with the extremely difficult task of seeking consensus among the many nations.

It is clear that there is general consensus amongst nations that immediate solutions are needed. However, there is a general lack of commonalities on how these solutions can be implemented. The question of accountability, and therefore financial responsibility, to effect these solutions has complicated international negotiations and the problem is still unresolved.

It is the concerted view of the developing countries that much of the accumulated damages to our environment today are the consequences of the actions of the old industrialised nations. They should therefore do more towards solving our present predicaments. This will have to include the transfers of financial resources and technology to assist the developing countries to implement measures that would provide for their much-needed economic growth in an environmentally-sustainable manner. Without this assistance, the developing countries, especially the least developed ones, will be unable to shoulder their share of the responsibilities towards global preservation.

While the world awaits a suitable formula of equity, time is running out for us. Perhaps we should all begin to do whatever possible and necessary now instead of engaging in the tactics of procrastination, so common in many international negotiations.

Singapore's contributions towards any of the global environmental problems can at most be described as negligible. This has not led us to inaction. For many years, we have resolved to maintain a strong environmental presence in all aspects of development. Understandably, in a limited area like Singapore, this has not been easy. The principle of balancing environment and development has been a necessary routine consideration for Singapore even before the words "sustainable development" were coined.

With respect to the CFC issue, Singapore acceded to the Vienna Convention and the Montreal Protocol in 1989 and quickly set out to reduce the consumption of controlled ozone-depleting substances. I am pleased to report that Singapore is well-ahead of the consumption-reduction schedule specified under the Montreal Protocol.

- (k) *SINGAPORE'S PARTICIPATION IN UNAVEM II AND MINURSO:*  
MFA Press Statement, 27 June 1991 (Singapore Government  
Press Release No: 24/JUN, 09-0/91/06/27)

The Singapore Government has acceded to requests by the United Nations to provide military observers and police officers to the United Nations Angola Verification Mission (UNAVEM II) and to the United Nations Mission in Western Sahara (MINURSO). This is a reflection of Singapore's continuing support for UN peace-keeping operations. Singapore has already participated in earlier UN peace-keeping operations such as in Namibia and the Iraq-Kuwait border.

UNAVEM was established in 1988 in accordance with Security Council Resolution 626 to verify the withdrawal of Cuban troops from Angola under a time-table agreed by Angola and Cuba. Following the peace accord between the Angolan Government and the National Union for the Total Independence of Angola (UNITA) in 1991, the Angolan Government requested the United Nations Secretary-General to further expand and extend the mandate of UNAVEM to include the monitoring of the cease-fire and supervision of the elections scheduled to be held

some time in September - November 1992. The military observers are expected to assume duties in Angola sometime around 1 July 1991.

The Singapore team comprising eight military observers will join 15 other UN member countries to form a 350 strong UN observer team in Angola. Singapore is honoured to be invited by the UN to participate in UNAVEM whose main function is to monitor the resolution of a long-standing conflict in Africa.

MINURSO is one of the largest peace-keeping operations undertaken by the UN, comprising military and civil elements and electoral officers. Singapore's participation in MINURSO is in accordance with United Nations Security Council Resolution 690. Singapore is one of the 13 countries that have been asked by the UN to provide military observers. Twenty-seven countries, including Singapore, were requested to provide police officers. The peace-keeping operation is expected to last thirty-six weeks.

- (1) *INTERNATIONAL ENVIRONMENTAL EFFORTS*: Statement presented by Dr Ahmad Mattar, Minister for the Environment, Singapore, at the Environment Congress for Asia and Pacific (ECO ASIA '91) on 4th July 1991 at Tokyo Prince Hotel, Tokyo, Japan (Singapore Government Press Release No: 06/JUL, 07-1/91/07/06)

... I find the convening of this Conference most timely as it provides an opportunity for Asia-Pacific countries to discuss the most central UNCED issues just before the next substantive session of the Preparatory Committee (PrepCom). I hope that the outcome of our deliberations on the issues of technology transfer and funding mechanisms would contribute towards more substantive discussion on these critical issues at the next PrepCom session.

Technology transfer and the provision of financial resources have remained to be the most controversial issues of the UNCED process. Guided by the inspiring keynote speech this morning, I believe that this Working Group is heading for a good exchange of views on these issues.

Singapore recognises that while addressing the issue of technology transfer, due emphasis must be given to technical capacity building for the developing countries in the field of the environment. The process of technology transfer must include the development of the receiving countries' capacity to evaluate, select, adopt and manage the technologies needed by them. This involves the training of human resources and most importantly the development of research and development capability for indigenous technologies.

There is a need to promote environmental research and training programmes for the developing countries. This is an area where developed countries with the financial capacity and the technical experience could help. As technological development would enhance eco-

conomic development, we are of the view that it is in the interest of the developed countries to provide such assistance, bearing in mind that they need stronger partners to jointly address the global environmental issues.

Technical assistance however should not be limited to between the developed and the developing countries. Increasingly, many developing countries have acquired environmental technologies and expertise which are relevant and useful to fellow developing countries. In this regard, it is gratifying to note that at the recently concluded Ministerial Conference of Developing countries on Environment and Development held in Beijing, the participating developing countries had agreed to increase cooperation between and among themselves, through *inter alia*, technology transfer and mutual technical assistance. Such a development will lead to the broadening of the scope of international cooperation on the environment. I hope that developed countries would recognise the importance of this type of cooperation and be prepared to provide assistance to promote them.

In this connection, Singapore having made use of environmental technologies over the last 30 years, looks forward to sharing with other developing countries its experience and know-how on environmental management. Our experience could be relevant to developing countries in the tropical region, and we are prepared to share with others our past experience in dealing with the urban environment.

Mr Chairman, Singapore with its humble experience, is prepared to work closely with both the developed and developing countries in promoting and developing environmental programmes that help enhance developing countries' capacity to deal with the environment. Singapore will continue to increase its cooperation, particularly in the field of environmental technologies, at **bi-lateral**, sub-regional and regional level.

With respect to financial mechanism, we are of the view that one of the most important purposes of funding is to finance the high cost of transferring environmentally-sound technologies which are often found in the private domain. In this respect, it is essential to develop mechanisms which could ensure a balance between the favourable access to technologies, and the maintenance of incentive for the research and development of new technologies.

Singapore does not object to the creation of another global fund to assist developing countries in coping with the incremental costs needed for environmental protection. This could be seen as a fund to complement the existing Global Environment Facility (GEF). However, we wish to caution against the proliferation of funds which inevitably brings about new institutional establishment and expenses. Every effort must be made to ensure that all the funds created so far are fully utilised for the true purpose of environmental protection.

Singapore believes that while the world community is considering the mechanisms to facilitate technology transfer, the developing countries must on their part begin to assess their environmental and devel-

opment needs and identify the technologies required. Countries could begin the process by setting environmental goals for a better quality of life and environmental well-being. This could then be followed by the identification of appropriate technologies that need to be applied to meet these basic environmental goals.

In this connection, developing countries could endeavour to accelerate such process through increased sub-regional and regional cooperation. In the ASEAN context, Singapore hopes to work with other ASEAN members towards the harmonisation of environmental standards. We believe that through the establishment of some form of common environmental standards, member countries would be able to better understand each other's technological needs and thereby facilitate better technical cooperation.

- (m) *SINGAPORE AND THE GLOBALIZED WORLD OF NATIONS:*  
Speech by Mr Mah Bow Tan, Acting Minister for Communications and Minister of State for Trade & Industry at the MIT-NTU Conference on Saturday, 6 July 1991, at Nanyang Technological University (Singapore Government Press Release No: 10/JUL, 03-1/91/07/06)

#### *A Collapse of Multilateralism?*

... Even before the collapse of the Uruguay Round of GATT talks in Brussels last December, many prominent economists were already becoming increasingly disillusioned with GATT, including some who pronounced that GATT was dead. In more and more circles, there were calls for managed trade, for a strategic trade policy and agreed quotas on imports ranging from cars to semiconductor chips.

Since 1985, the growth of foreign direct investment has outstripped the growth in trade. World trade has gone up 50% since 1985. But world foreign direct investment has gone up four times over the same period. Foreign investment has supplanted merchandise trade as the major engine of world economic integration. Is this a sign of increasing global interdependence? Or are businessmen preparing themselves for the day when the protectionist walls go up, so that they will be inside the barrier rather than be caught unaware outside?

As we progress towards the twenty first century, there appear two alternative scenarios for the world economy.

In the first, more pessimistic scenario, there is more and more trade friction. The world economy becomes fragmented. Trade and investment becomes politicized. Quotas, whether voluntary or negotiated, rather than market forces, govern the volume of imports and exports that are allowed. Energies and resources go into legalistic wrangling and bargaining, rather than trying to find the best and most cost-effective way to manufacture a product. Entry into markets will be based on reciprocity and not on economic rationale. Equality of outcomes rather than equality of opportunity will be the principal yardstick of fairness.

In the optimistic scenario, the multilateral trade system is resilient to increasing protectionism. Economic logic prevails, and there is increased global cooperation in tackling common issues such as the environment and other social issues. Trade continues to operate within the multilateral system. Market forces, rather than politics, determines what goods consumers can have access to.

For large economies like the US, the choice between the two is one of faster or slower economic growth. The ratio of exports to GDP for the US is less than 10%. But for Singapore, exports are one-and-a-half times GDP. Therefore for small countries like Singapore who are also heavily export-dependent, the global multilateral free trade system is vital to survival.

One of the pressing major challenges facing the world now is how to maintain the global multilateral free trade system. There now appears to be renewed political commitment to resuming GATT talks and trying to achieve a successful conclusion before the end of the year. Talks have resumed, with the approval of the fast track negotiating authority.

Singapore already has one of the world's most liberal trading regimes. We have no panels to hear anti-dumping cases or countervailing duties in Singapore. An example of the concessions that is expected is tariff reductions. It makes little sense for us to talk about tariff reductions when 98% of imports enter Singapore tariff free. The remaining two percent comprises tariffs on cigarettes, alcohol and cars which are imposed not so much to protect domestic industry but for other policy considerations.

Singapore has a small, but not insignificant voice in the GATT negotiations. We are sometimes held up as an example of the benefits that free trade can bring to the economy. In terms of total trade, we are ranked No 18th in the world, despite having a small domestic economy. It is no secret that we have such an open market that sometimes other countries trying to sell here wish that we have at least some rules to control their competitors, from other countries, flooding the market with cheap goods. We are prepared to do our part and contribute whatever we can to a successful outcome to the GATT negotiations.

While we hope for the best, and we will do our best to ensure that the current GATT Round succeeds, it is prudent that we also prepare for the worst. We need to strengthen regional economic cooperation and work for closer economic integration. An ASEAN Free Trade Area has been mooted, an East Asian Economic Grouping has been suggested. The form is not as crucial as the substance. The question is whether countries in South East Asia and East Asia can work together to build on the prosperity and economic growth that we have created over the past few decades....

- (n) *ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN THE REPUBLIC OF SINGAPORE AND THE FEDERATED STATES OF MICRONESIA*: MFA Press Statement, 26 August 1991 (Singapore Government Press Release No: 41/AUG, 09-0/91/08/26)

The Government of the Republic of Singapore and the Government of the Federated States of Micronesia, wishing to strengthen and develop friendly relations between them, have agreed to establish diplomatic relations between the two countries at Ambassadorial level with effect from 26 August 1991.

- (o) *SINGAPORE'S RECOGNITION OF THE INDEPENDENCE OF THE BALTIC STATES*: MFA Press Statement, 6 September 1991 (Singapore Government Press Release No: 10/SEP, 09-0/91/09/06)

The Baltic States of Estonia, Latvia and Lithuania have, by their declarations of independence, taken the first step towards establishing their rightful place in the international community of nations. The Governments and peoples of the Baltic States have demonstrated courage and fortitude in seeking a peaceful path to independence. Recent events in the Soviet Union have made it possible for the Baltic states to become independent.

The Government of the Republic of Singapore welcomes these developments and has decided to recognise the sovereignty and independence of the Baltic states of Estonia, Latvia and Lithuania with immediate effect.

The Government of Singapore is also ready to establish diplomatic relations with these States.