

SINGAPORE AND INTERNATIONAL LAW

THE objective of this section is to reproduce selected materials which illustrate Singapore's position in international law in the context of the four headings set forth below:

- I. Treaties, Declarations and other Instruments
- II. Treaties, Declarations and other Instruments of the Association of Southeast Asian Nations (ASEAN)
- III. Legislation and Judicial Decisions on International Law
- IV. Singapore and International Relations
 - (i) General
 - (ii) Policy Statements

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*.

I. TREATIES, DECLARATIONS AND OTHER INSTRUMENTS

- (1) **Bilateral Shipping Agreement and Agreement on Tourism between the Government of Singapore and the Government of India*: Ministry of Trade and Industry News Release (Singapore Government Press Release No: 38/JAN, 15-0/94/01/24)

The Government of Singapore signed the Agreement on Maritime Transport and the Agreement on Tourism Cooperation at the same signing ceremony on 24 January 1994 with the Government of India. The agreements are expected to contribute to closer bilateral economic relations in shipping and tourism between the two countries.

Both agreements were signed by the Minister for Trade and Industry, Mr Yeo Cheow Tong, on behalf of Singapore. The Minister of State for Surface Transport, Mr Jagdish Tytler, signed the Maritime Transport Agreement, while the Minister for Civil Aviation and Tourism, Mr Ghulam Nabi Azad, signed the Agreement on Tourism Cooperation on behalf of India.

The signing ceremony was witnessed by the Prime Minister of Singapore, Mr Goh Chok Tong, and the Prime Minister of India, Mr Narasimha Rao.

* [Editor's Note: The texts of the above agreements were not available at time of printing.]

Maritime Transport Agreement

Seaborne cargo trade between Singapore and India increased from three million tonnes in 1990 to six million tonnes in 1993. This good performance is expected to be boosted further by the advent of the bilateral shipping agreement.

Under the agreement, shipping lines from both countries will be accorded the most-favoured-nation status. Other areas include access to port and shipping-related facilities such as trucking, ship agencies, warehousing and container freight stations. It also provides for dispute settlement in international arbitration centres such as Singapore.

Agreement on Tourism Cooperation

Singapore has been a significant outbound market in Asia. India has the potential to be an important source market with overseas travel becoming more accessible and desirable to the people. Both countries will seek to improve tourism potential of each partner.

The agreement will be the foundation upon which development of tourism cooperation between the respective national tourism organisations will take place. These may include the study and development of tourism promotion and activity, information exchange, and undertaking tourism-related activities that generate reciprocal tourism.

(2) *Revised Agreement for the Avoidance of Double Taxation between Singapore and India: Ministry of Finance Press Statement (Singapore Government Press Release No: 39/JAN, 08-0/94/01/24)*

A revised Agreement* for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income was signed on 24 January 1994 between the Government of the Republic of Singapore and the Government of the Republic of India.

The signing took place at New Delhi, India. Prof S Jayakumar, Minister for Foreign Affairs, signed on behalf of Singapore and Mr Manmohan Singh, Minister for Finance, signed on behalf of India.

The first Agreement for the Avoidance of Double Taxation between Singapore and India was concluded on 20 April 1981 and entered into force on 6 January 1982. Since then, there have been substantial changes in the economic climate of both countries. A new agreement was therefore necessary to provide for these changes.

The new Agreement is expected to promote greater cross-flow of trade, investment, technology and expertise between the two countries. This is significant as it will foster closer economic ties, and facilitate business opportunities for both Singapore and India.

The new Agreement will come into force after the exchange of instruments of ratification between the two governments. Details of the revised agreement will be released after the ratification.

* [Editor's Note: The text of this Agreement appears in GN S 236/94.]

(3) *Final Act of Uruguay Round and Marrakesh Declaration*

On 14 April 1994, Singapore signed the Marrakesh Declaration and adopted the following Decisions at the Marrakesh Ministerial Meeting in Morocco on:

- (a) Acceptance of and Accession to the Agreement Establishing the World Trade Organization;
- (b) Trade and Environment;
- (c) Organizational and Financial Consequences Flowing from Implementation of the Agreement Establishing the World Trade Organization; and
- (d) Establishment of the Preparatory Committee of the World Trade Organization.

On 15 April 1994, Singapore became a signatory to the "Final Act Embodying the Results of the Uruguay Round Multilateral Trade Negotiations" of the General Agreement on Tariffs and Trade.

II. TREATIES, DECLARATIONS AND OTHER INSTRUMENTS OF THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

BANDAR SERI BEGAWAN RESOLUTION ON ENVIRONMENT AND DEVELOPMENT

Bandar Seri Begawan, 26 April 1994:

Recognising that in line with the outcome of the United Nations Conference on Environment and Development, which provided the impetus for sustainable development, ASEAN should promote the principles contained in the Rio Declaration on Environment and Development and actively implement Agenda 21;

Considering that economic growth and environmental management are inseparable and crucial to sustaining and further improving the quality of life of the people of ASEAN;

Realising that international and regional cooperation and efforts are necessary to support the national and regional implementation of Agenda 21;

Further realising the necessity to strengthen and enhance regional cooperation in the management and control of transboundary movements of hazardous wastes into and within the ASEAN region; and

Conscious that ASEAN member countries share common environmental aims and objectives and that the state of the environment lies ultimately in the hands of the people of ASEAN themselves;

We, the ASEAN Ministers for the Environment, hereby agree:

1. To adopt and implement the ASEAN Strategic Plan of Action on the Environment to attain the following objectives:

- (a) to respond to specific recommendations of Agenda 21 requiring priority action in ASEAN;
 - (b) to introduce policy measures and promote institutional development that encourage the integration of environmental factors in all developmental processes both at the national and regional levels;
 - (c) to establish long term goals on environmental quality and work towards harmonised environmental quality standards for the ASEAN region;
 - (d) to harmonise policy directions and enhance operational and technical co-operation on environmental matters, and undertake joint actions to address common environmental problems; and
 - (e) to study the implications of AFTA on the environment and take steps to integrate sound trade policies with sound environmental policies.
2. To declare 1995 as the ASEAN Environment Year to highlight ASEAN environmental issues and cooperative programmes, and to stimulate awareness of these issues among the ASEAN populace; broaden the participatory process in the area of the environment in ASEAN; and stimulate regional activities in the area of the environment.
 3. To adopt a set of Harmonised Environmental Quality Standards for ambient air and river water quality and implement the needed measures to attain these standards by the year 2010.
 4. To strengthen cooperation among ASEAN countries to ensure the effective implementation of the decision of the Second Conference of the Parties to the Basel Convention.

Done in Bandar Seri Begawan, Brunei Darussalam, this
Twenty-sixth Day of April
in the year One Thousand Nine Hundred and Ninety-four

III. LEGISLATION AND JUDICIAL DECISIONS ON INTERNATIONAL LAW

The following regulations were made by the Minister for Trade and Industry pursuant to the Control of Imports and Exports Act (Cap 56, 1986 Rev Ed):

- The Prohibition of Exports (Libya) (Amendment) Order 1994 (GN S 25/94); effective from 21 January 1994;
- The Control of Imports and Exports (Angola) Order 1994 (GN S 33/94); effective from 28 January 1994;

- The Prohibition of Imports and Exports (Haiti) Order 1994 (GN S 276/94); effective from 1 July 1994; and
- The Prohibition of Exports (Rwanda) Order 1994 (GN S 277/94); effective from 1 July 1994.

The following regulations were made by the Minister for Communications pursuant to the Prevention of Pollution of the Sea Act (Cap 243, 1991 Rev Ed):

- The Prevention of Pollution of the Sea (Oil) (Amendment) Regulations 1994 (GN S 119/94); effective from 14 April 1994; and
- The Prevention of Pollution of the Sea (Noxious Liquid Substances in Bulk) (Amendment) Regulations 1994 (GN S 120/94); with effective from 14 April 1994.

IV. SINGAPORE AND INTERNATIONAL RELATIONS

(i) General

(1) *Presentation of Credentials*

The following presented their Credentials to the President of the Republic of Singapore at the Istana on the dates stated:

- a. The High Commissioner of Australia, His Excellency Mr Edwin Franklin Delofski
– 7 December 1993;
- b. The Ambassador of the Czech Republic, His Excellency Mr Jaroslav Olsa
– 21 December 1993;
- c. The Ambassador of Belgium, His Excellency Baron Olivier Gilles De Pelichy
– 24 March 1994;
- d. The Ambassador of Marshall Islands, His Excellency Mr Laurence N Edwards
– 24 March 1994;
- e. The Ambassador of Jordan, His Excellency Mr Luay M Khashman
– 7 April 1994;
- f. Head of Delegation of European Union, Mr Klauspeter Schmallenbach
– 7 April 1994.

(2) *Diplomatic Relations*

The Government of the Republic of Singapore, wishing to strengthen and develop friendly relations with the following, has agreed with the following to establish diplomatic relations with their countries:

- a. The Government of the Republic of Eritrea (with effect from 15 December 1993); and
- b. The Government of the Republic of Benin (with effect from 21 February 1994).

(3) *Appointments*

The Government of the Republic of Singapore, has appointed the following as Ambassadors/High Commissioners of the countries stated:

- a. Mr Michael Cheok Po Chuan as Ambassador to the Czech Republic;
- b. Mr Tan Boon Teik, Ambassador to the Republic of Hungary, as Roving Ambassador to the Republic of Austria;
- c. Lt-Gen (Ret) Winston Choo Wee Leong, as High Commissioner to Australia;
- d. Mr Tan Seng Chye, as Ambassador to the Republic of the Philippines;
- e. Brig-Gen Michael Teo Eng Cheng, as High Commissioner to New Zealand;
- f. Mr Anthony Chng Chye Tong, as High Commissioner to Negara Brunei Darussalam;
- g. Mr Velutheva Kanaga Rajan, as Ambassador to the Arab Republic of Egypt;
- h. Mr Foo Meng Tong, as Ambassador to the Republic of France; and
- i. Mr See Chak Mun, as Commissioner to Hong Kong.

(4) *Bosnia*: Ministry of Foreign Affairs Press Statement (Singapore Government Press Release No: 15/FEB, 09-0/94/02/12)

The Singapore Government welcomes the ultimatum issued by NATO to the Bosnian Serbs to cease all shelling of Sarajevo and withdraw or hand over their heavy weapons to UN forces. The immediate response of the Bosnian Serbs has been to call for a ceasefire around Sarajevo. But the Bosnian Serbs have established a cynical pattern of bending to international pressure and immediately reverting to their indiscriminate attacks when the threat of military action is lifted. The stakes in Bosnia are high for the international community. Failure to effectively implement this latest ultimatum will lead not only to more innocent lives lost in Bosnia. It

could also send a wrong signal that the international community is now prepared to tolerate and accept aggression.

- (5) *Hebron Massacre*: Comments by Ministry of Foreign Affairs (MFA) Spokesman (Singapore Government Press Release No: 36/FEB, 09-0/94-02/26)

We strongly condemn the massacre of innocent Muslim worshippers in the Hebron mosque by a deranged gunman. We call on the Israeli authorities to immediately impose security measures to protect the population of the West Bank from such criminal acts by extremists.

Israel and the Palestinian Liberation Organisation (PLO) should not allow this abhorrent act of violence to derail the Middle East peace process. Both sides should speed up progress at the peace talks. This is the best way to prevent more killings and acts of revenge, which will only further inflame emotions, and delay and complicate the peace negotiations.

- (6) *Singapore and Vietnam*:

- A. Signing of Memorandum of Understanding between Singapore and Vietnam on the Road Transportation Project for Hanoi: Ministry of Foreign Affairs Press Statement (Singapore Government Press Release No: 03/MAR, 09-0/94/03/03)

Singapore and Vietnam signed a Memorandum of Understanding (MOU) on a Road Transportation Project for Hanoi today during Prime Minister Goh Chok Tong's visit to Vietnam.

This Road Transportation Project for Hanoi signifies Singapore's desire to assist Vietnam in the development of its infrastructure. The MOU provides for cooperation between Singapore and Vietnam in the development of an efficient traffic engineering/management system, the improvement of bus services in Hanoi and the drafting of Vietnam's "road code". It is the second major technical cooperation project undertaken between the two countries following the acceptance of the Singapore Infrastructure Task Force's study on Vietnam's infrastructure needs and is funded under Singapore's US\$10 million Indochina Assistance Fund.

The MOU will be signed by Prof Do Quoc Sam, Chairman of the State Planning Committee and Mr David Lim, Chief Executive Officer of Jurong Town Corporation in their capacities as Leaders of the Vietnamese Task Force and Singapore Infrastructure Task Force respectively.

- B. Address by Mr Yeo Cheow Tong, Minister for Trade and Industry, on the occasion of the signing ceremony of the Memorandum of Understanding (MOU) on the Road Transportation Project for Hanoi on 3 March 1994 (Singapore Government Press Release No: 05/MAR, 15-1/94/03/03)

... This project demonstrates the progress made in bilateral cooperation between Singapore and Vietnam, and marks a new phase in technical cooperation between our two countries. In the past two years, bilateral relations have strengthened with a number of concrete and significant steps taken in the sphere of technical cooperation.

In response to the request of His Excellency Prime Minister Vo Van Kiet, Singapore sent an Infrastructural Task Force (ITF) in September 1992 to study Vietnam's needs in infrastructural development. Singapore's Indochina Assistance Fund (ICAF) funded this study. With the completion of the ITF study and the acceptance of its recommendations by Vietnam, we are now at the next phase of cooperation with Vietnam under the ICAF.

In this next phase of cooperation, Vietnam and Singapore are participating in a land transportation project in Hanoi, at the request of the Vietnamese Government. The project started in April 1993 with a visit to Hanoi by a ten-member team of road experts from Singapore. The team examined the existing transportation system in Hanoi, and recommended that there be three components for the project:

- A. drafting and implementing a "road code";
- B. developing an efficient traffic engineering and management system; and
- C. improving bus services in Hanoi.

A programme of technical cooperation between our two countries under each of these three components has been finalised to meet the objectives of the project. We are glad that the recommendations of Singapore road experts, and programme of technical assistance have been accepted by Vietnam.

We are happy to note that groundwork for this project is already under way. Apart from our road experts' visit in April 1993, the Singapore Project Director, Mr Joseph Yee visited Hanoi in December last year. The Singapore Bus Services, which is responsible for the component on bus services under the project, sent a seven-member team of bus service planning specialists and engineers to Hanoi in December 1993 to examine Hanoi's bus system and conduct a detailed study and evaluation of Hanoi's existing bus services.

Apart from the visits which our experts will make to Vietnam periodically, we look forward to receiving officials from Vietnam for training programmes in Singapore under the three components of the project.

The project has indeed made good progress since it started barely one year ago. My Government looks forward to working closely with the Government of the Socialist Republic of Vietnam to further progress this project. With that, let me close by expressing our confidence that with the strong commitment to the project that has already been demonstrated by officials of our two countries, the project will be completed successfully.

- C. Address by Mr Yeo Cheow Tong, Minister for Trade and Industry, at the launch of the Steamers Telecommunications Two Way CT2 Service in Ho Chi Minh City on 5 March 1994 (Singapore Government Press Release No: 10/MAR, 15-1/93/03/05)

... There are many opportunities to participate in the economic development of Vietnam and other developing economies in this region. It is essential for Singapore investors to visit these countries, familiarise themselves with the local economy, their business counterparts and the potential sectors of economic growth. This will help them to identify investment and trade opportunities, and they should act on them quickly.

Singapore companies need not venture abroad alone. They can minimise risks by entering into joint-ventures with appropriate local companies which can add value and strength to the project. Or they can collaborate with companies from third countries which may have the necessary technology, but lack the regional operating experience.

I am glad that some Singapore companies have boldly regionalised their businesses and operations in recent years. Latest available figures show that direct foreign investment by Singapore companies increased by 6.7 per cent from 1990 to 1991, reaching \$4.2 billion Singapore Dollars.¹ Asian countries were the popular investment destinations, accounting for 61 per cent of the total. Our statistics also show that direct investments by Singapore companies in Asia increased by about eight per cent from 1990 to 1991, to about \$2.6 billion Singapore Dollars.

However, there are many companies which are still hesitant about adding an external wing to their business. Those companies which have not ventured overseas should seriously explore this possibility now, while the window of opportunity is still open. A few years down the road, opportunities will be harder to come by as competition will then be more intense.

For Vietnam, important changes are already taking place at a fast pace. The US has lifted its trade embargo. Major donor countries and multilateral lending agencies such as the International Monetary Fund (IMF), the World Bank and the Asian Development Bank (ADB) have resumed their lending to Vietnam. More companies, particularly those from the US and Japan will be coming to do business here.

This will mean keener competition for Singapore companies. However, the more positive and astute businessmen may see this as a "plus". The entry of more companies can also generate 'spin-off' opportunities for Singapore firms. The two-way CT2 system, for example, will benefit from the increased level of business activities here.

As more Singapore companies successfully add an external wing to their business activities, we will be able to participate fully as a partner in the economic growth and prosperity of the region. The Government will help where possible to facilitate investments by Singapore companies, and make available appropriate tax and financial assistance measures. I therefore hope that more Singapore companies will take up the challenge of growing with the region....

¹ Singapore local companies are defined as those having at least 50 per cent of ordinary paid-up shares owned by Singaporeans or PRs.

- (7) *Singapore and Malaysia: Sixth Meeting between Singapore and Malaysia on the Demarcation of the Boundary in the Straits of Johore, Singapore, 29-31 March 1994, Joint Press Release (Singapore Government Press Release No: 50/MAR, 09-0/94/03/31)*

The Sixth Meeting between Singapore and Malaysia on the demarcation of the boundary in the Straits of Johore was held from 29 to 31 March 1994 in Singapore. The Singapore Delegation was led by Mr S Tiwari, Senior State Counsel, Attorney General's Chambers, Singapore. The Malaysian Delegation was led by Mr Azmeer bin Rashid, Secretary General of the Ministry of Land and Cooperation Development.

The Meeting was conducted in a cordial and friendly atmosphere reflecting the close relationship and cooperation between the two countries.

The two sides carried out negotiations on the draft Agreement to delimit precisely the territorial waters boundary in accordance with the Straits Settlement and Johore Territorial Waters Agreement 1927. Substantial progress was made and most of the outstanding issues were resolved and agreed upon by the two delegations.

It was agreed that both sides would meet in Malaysia within the next three months to finalise the draft Agreement.

- (8) *South Africa: Comments by MFA Spokesman (Singapore Government Press Release No: 03/MAY, 09-0/94/05/03)*

Singapore congratulates the African National Congress (ANC) on its historic victory in South Africa's first multi-racial elections. This long-awaited occasion marks a new beginning in South Africa and is a testimony to the political will and courage of all South African leaders to resolve their differences through peaceful means. The victory by the ANC is a fitting tribute to the people of South Africa who have endured so much injustice and oppression. Singapore hopes that this electoral result will mark the new phase of peaceful nation-building and reconciliation in South Africa.

- (9) *Democratic People's Republic of Korea: Comments by MFA Spokesman (Singapore Government Press Release No: 06/JUN, 09-0/94/06/16)*

The Ministry of Foreign Affairs (MFA) spokesman today said that Singapore was very concerned with the announcement of the Democratic People's Republic of Korea (DPRK) of 13 June 1994 that it "will immediately withdraw from the International Atomic Energy Agency (IAEA)". The DPRK's action would have serious repercussions on international peace and security. He urged the DPRK to reverse its decision to withdraw from this body. The spokesman further noted that as a responsible member of the United Nations (UN) and a signatory of the Nuclear Non-Proliferation Treaty, the DPRK is legally and morally obliged to observe the IAEA safeguards.

(ii) Policy Statements

- (1) *Southeast Asia in the Pacific Century*: Speech by BG (NS) George Yeo, Minister for Information and the Arts and Second Minister for Foreign Affairs, Singapore, at the Pacific Rim Business Collaboration Symposium at Kuala Lumpur, Malaysia, on 7 December 1993 (Singapore Government Press Release No: 09/DEC, 03B-1/93/12/07)

Not by Love but by Fear

Machiavelli once said that men are held together not so much by love, which is fickle, but by fear. When the Soviet threat loomed large, the North Atlantic Alliance seemed eternal. China's 'faults' were overlooked by America when it was needed as a strategic counterweight. With the old fear gone, feelings change dramatically. The North Atlantic Alliance has become less united. The European Community is being pulled in different directions. As for Sino-American relations, the love affair started by Nixon and Kissinger has turned cold and is now replaced by a new fear that China may become a competing superpower in the next century.

The Association of Southeast Asian Nations (ASEAN) was formed in 1967. It had a lackadaisical start until the pullout of American forces from South Vietnam in 1973 and its fall to the Communists in 1975. When Vietnam invaded Cambodia in 1978, ASEAN was galvanised into action. Without the Vietnamese threat, it is doubtful that ASEAN would have become the strong regional grouping it is today. It was cold fear which made us huddle together, not love. Vietnam at that time had an armed force more powerful than the combined armed forces of ASEAN. In order to fight Vietnamese aggression, we created institutions to concert our efforts on the Thai-Cambodian border, in the UN and elsewhere. Without the challenge of Cambodia, there would not be this habit of consultation and goodwill we see today in ASEAN.

Whether ASEAN becomes stronger or weaker in the next century depends on the future strategic environment. Vietnam is no longer a threat. Indeed, by an irony of history, Vietnam now wants to be a part of ASEAN. What new fears will bind us together? In recent times, there has been a spate of optimistic articles in the international media forecasting a rosy picture for the region. If these pundits are right, the future of ASEAN would not be rosy for there would then be little need for ASEAN. After all, ASEAN does not exist for itself but to serve the interests of its members....

New Fears

Whether or not we have a successful Uruguay Round on 15 December, world trade will never be completely free. World trade will remain a mixture of free trade and managed trade. Of course, failure of the Uruguay Round will be disastrous. It will slowly but surely divide the world into blocs. In that unhappy event, from our perspective in Southeast Asia, a two-bloc world, with the Asia-Pacific including North America as one large economic bloc and Europe as the other, is much better than a three-bloc world, with the Pacific divided down the middle.

If the Asia-Pacific stays as one bloc, Europe will eventually be marginalized. The size of the Asia-Pacific and the dynamism of many of its national economies will enable the region to grow regardless of European protectionism although everyone will be slowed down as a result. But Europe will lose much more and after some years will be forced to reopen its economy.

If the Pacific itself is divided as a result of a Uruguay Round failure, the consequences can be horrendous. We may still be able to muddle through. Or we may not. As international relations turn sour, trade wars can break out. A new great depression in the world is possible. Like the last great depression, a new great depression will trigger off a chain of political upheavals which can lead to war. Such a scenario has been forcefully argued by Lord Rees-Mogg and James Dale Davidson in their sombre book "The Great Reckoning".

Thus the success of the Uruguay Round is a touchstone of mankind's ability to compete and co-operate within an agreed global framework. It does not mean, however, that we will then live ever after. Indeed, there are fundamental shifts in the global power balance which must lead to political conflicts of one kind or another....

The last few centuries of Western domination has affected every aspect of our lives. That we wear Western clothes, use Western toilets and kitchens, speak the English language, apply Western ideas to all fields of human endeavour, is the direct result of the spread of Western civilization around the world.

Now, after 500 years, the historical pendulum is inexorably swinging back to Asia, first to East Asia and eventually to South Asia as well. Just as the rise of the West was accompanied by innumerable conflicts among Westerners and others, the resurgence of the East will be as tumultuous. Of course one hopes that mankind has learnt from the lessons of history and will find ways to avoid major wars. After all, a major war in which nuclear weapons are exchanged will end civilization as we know it. But to assume that the swing of the pendulum back can be smooth is unrealistic and foolhardy. Such a hope flies in the face of human experience. It is not in the nature of the species....

Safety in Numbers

We cannot predict the future but we can be sure that the journey there will not be smooth. Whatever the scenario, it is in our collective interest to huddle together in ASEAN. As ASEAN, we have a voice in the world. We have far more negotiating power as a group than we have as individual countries. If we are able to maintain the momentum of our economic development for another 20 years, ASEAN will become a significant player in the world in the next century.

We can only achieve such economic development if there is peace in the region and Southeast Asia does not get balkanized. For every country in ASEAN, the pursuit of short-term national interest should be balanced against the long-term collective interest. The ASEAN habit of *musyawarah* dan *musfakat* (consultation and consensus) is thus very important. Indeed, the spirit of cooperation in Southeast Asia contrasts sharply with the antagonisms in Northeast Asia.

However, we must be realistic in our pursuit of consensus. We can never be as closely knit as the European community. For example, it is unlikely that member

states will ever allow the free flow of workers across national borders. Nevertheless, we do share many things in common.

...But because of the new fears I described earlier, ASEAN is more likely to strengthen than to weaken in the years ahead. A strong ASEAN enables us to treat with big powers like the US, China, Japan, the European Community (EC) and India on a fair and equal basis. Divided, even the larger ones among us will be at a severe disadvantage.

Indeed, given the natural rivalry of the big powers, a untied ASEAN enables us to extract much better terms for ourselves. In January this year, Japanese Prime Minister Miyazawa made an important policy speech on Japan-ASEAN relations. Praising ASEAN to the skies, he said that the "organic cohesion" of Southeast Asia was important to Japan and would be supported by the Japanese government. It would be surprising if Japan's support of ASEAN did not take into account Japan's relationship with the US and China. In the US, there is growing support for stronger economic ties between North America and ASEAN, the better to compete against Japan and China. Under President Bush, an ASEAN-US initiative was signed. Under President Clinton, the idea of a link-up between NAFTA and ASEAN Free Trade Area (AFTA) is now being floated. China and India, too, are wooing ASEAN. Not to be left out, the EC is also warming up to us. It is nice to be courted by all the major players. This happy situation is only possible because we stick together in ASEAN. Many foreigners do not understand the elliptical ways by which we reach consensus but that is our trade secret.

Part of our strategy must be to encourage the advanced countries to invest here and make Southeast Asia their manufacturing base. China is becoming a very strong competitor to ASEAN for foreign investments. In the last year, foreign investments in Indonesia, Malaysia and Thailand have all gone down as a result of better expected returns in China. Vietnam is also becoming a competitor. We will have to expedite the time-table for AFTA and expand its coverage if we do not want to be bypassed. The success of the latest ASEAN Economic Ministers' Meeting showed that, confronted with a serious challenge, ASEAN has the collective will to respond.

The goodwill that has been built up over the years in ASEAN is a precious asset. Here we must acknowledge the pivotal role played by Indonesia under President Suharto. Without Indonesia's early commitment to ASEAN, the history of Southeast Asia would have taken a very different turn. With regional peace, our national economies, originally tied to the colonial powers, have become more intertwined. Japanese, American, European and, more recently, Newly Industrialising Economies (NIE) investors, by their distribution of production facilities across all of ASEAN, have integrated our economies in a complex way. Thus, what started in ASEAN as an act of political cooperation against external dangers is now reinforced by cultural goodwill and economic integration. Official links are now buttressed by a multitude of cultural and commercial links. A clear sign of this is the dramatic growth in intra-ASEAN travel, both for business and pleasure.

Indeed, the success of ASEAN has persuaded the countries of Indo-China and Myanmar to seek eventual membership. It is a matter of time. For Vietnam, ASEAN is a way by which it can rebalance its historically difficult relationship with China. For Myanmar, ASEAN offers a way out of its isolation and enables it to deal with both China and India in a more comfortable way.

Confronted with the same global uncertainties, Australia and New Zealand are also likely to move closer to ASEAN. Southeast Asia is after all Australasia's bridge to the Asian mainland. Large though it may be in geographical size, Australia has too small a population for it to be really effective on its own in world politics and in trade negotiations. Australia's first preference is of course for an Asian-Pacific community in which no hard choices are necessary. In a storm, however, Australia may have to choose with whom it hunkers down, whether with North America with which it shares a common Anglo-Saxon and Celtic heritage or with Southeast Asia, its immediate neighbour. Intellectually, the choice would probably be ASEAN. Emotionally, it is much less clear. A recent survey showed that the majority of Australians still do not consider themselves part of Asia. However, this will gradually change as Australia and New Zealand societies become more Asianised. From the perspective of ASEAN, it is very much in our long-term interest to forge strong links with Australia and New Zealand. It is also important to demonstrate that we in ASEAN are not racist even though others may be....

Conclusion

...ASEAN's strategy in this period of uncertainty should be twofold. First, we should broaden our base by gradually bringing in the countries of Indo-China and Myanmar as members, and Australia and New Zealand as close partners. Second, we should deepen ASEAN integration through AFTA. Only then can we deal with the big powers as an equal and retain some control over our own destiny.

(2) Statement by Prof S Jayakumar, Minister for Law (Singapore Government Press Release No: 16/JAN, 13-1/94/01/11)

The Ministry and Attorney-General's Chambers will conduct a major review of legislation to provide adequate legal infrastructure to support the regionalisation drive. Where appropriate, we will adopt international conventions and model laws which harmonise and facilitate international trade and dispute settlements.

To create a more predictable legal environment for business operations, we will review and, where necessary, modify our commercial laws.

Following the enactment of the Application of English Law Act 1993, we will review other Acts of Parliament which rely on English law.

We will introduce legislation to abolish all appeals to the Privy Council.

In law reform, our two priority areas will be new legislation on patents and bankruptcy:

- a. *Patents*: We will introduce new laws to upgrade the existing patent systems and make it more convenient for Singaporeans to obtain patent protection for their inventions. We propose to change the current requirement that Singaporeans must first obtain patent protection in the United Kingdom before their inventions can be protected in Singapore, and instead allow Singaporeans to file patent applications locally.

- b. *Bankruptcy*: We will introduce legislation to improve administration of the affairs of bankrupts, and protect creditors' interests without stifling entrepreneurship. We will strike a fair balance between the interests of the debtor, the creditor and society. There will be greater accountability of bankrupts in the administration of their estates on the one hand, and speedier discharges of bankrupts on the other.

The Registry of Land Titles will be converting all lands from the common law to the land titles registration system. It will computerise the Land Titles Register to handle more land transactions and public searches.

The Attorney-General's Chambers will improve its function of giving legal advice to Ministries and Departments by centralising legal services in its Civil Division. It will assign teams of legal officers dedicated to different Ministries and Departments.

(3) Statement by Prof S Jayakumar, Minister for Foreign Affairs (Singapore Government Press Release No: 17/JAN, 09-1/94/01/11)

Our foreign policy interests are broadening. Relations with our Association of Southeast Asian Nations (ASEAN) neighbours remain central. At the same time, we are deepening and expanding links, particularly in the Asia-Pacific. Our excellent relations with countries like India, China and Vietnam help us build an external wing to the Singapore economy. Projects are underway in India and China. These complement our established collaboration with our neighbours through the Growth Triangle.

Singapore will continue to work with ASEAN and other Asia-Pacific countries to preserve optimal conditions for growth. Asia-Pacific countries share a common interest in managing the post Cold War changes, keeping themselves competitive and upholding an open international trading system. Singapore strongly supports the Asia-Pacific Economic Co-operation (APEC) as a vehicle for engaging major Asia-Pacific countries in a constructive framework that promotes stability, growth and free trade. The ASEAN Free Trade Area and the East Asia Economic Caucus complement APEC. The ASEAN Regional Forum adds substance to security cooperation in the Asia-Pacific. It brings together all the major actors in a single forum, and will help them to build confidence and evolve a predictable pattern of relationships.

We will fulfil our obligations as a responsible member of the international community. The United Nations (UN) plays a key role in maintaining a stable post Cold War global environment. Singapore has participated in the UN Transitional Authority in Cambodia and several other UN peacekeeping operations. We also contribute actively to the ongoing debate on how to reform the UN system to make it more effective.

Through the Singapore Cooperation Programme, we are sharing our development experiences with many developing countries. Our Indochina Assistance Fund helps to promote economic development and reintegrate those countries into the regional community.

- (4) Ministry of the Environment, Mr Mah Bow Tan, Minister for the Environment (Singapore Government Press Release No: 21/JAN, 07-1/94/01/12)

The Ministry of the Environment will implement the Green Plan to develop Singapore into a model green city. We will step up public education to make Singaporeans more environmentally aware and responsible. Singaporeans can then enjoy a cleaner environment.

...We will implement control measures to keep noise at acceptable levels through proper land use, technological, engineering and other practicable means.

We will strengthen cooperation with our neighbours in environmental protection and management.

- (5) “*Meeting Global Challenges*”: Keynote address by Mr Wong Kan Seng, Minister for Home Affairs, at the 1994 Businessman of the Year Award Ceremony on Friday, 14 January 1994 (Singapore Government Press Release No: 26/JAN, 11-1/94/01/14)

The eleventh hour conclusion of the Uruguay Round after seven arduous years of negotiations came as a relief to all. With a new framework for global trade and investment, the world trading system has been given a renewed lease of life. All will be better off. But the challenges are far from over. The process of negotiation has also revealed the extent to which the global economic environment has changed irrevocably.

The General Agreement on Trade and Tariffs (GATT) ameliorates, but has not erased, the trend towards economic regionalism that has been evident since the 1980s. This is driven by political factors: deep-seated and visceral fears generated by the reorientation of global economic power occasioned by East and Southeast Asian growth.

There is a persistent tension between technological and political imperatives that will define the international economic environment for some time to come. Technology inexorably makes for closer economic integration. But governments in many developed countries see the social and economic adjustments necessitated by closer economic integration and the restructuring of the global economy as a political threat. Workers in Europe and America fear for their jobs. The benefits of the Uruguay Round are only abstractions to them. They are pessimistic about their future and will pressure their governments through the ballot box.

With GATT, the most blatant and pernicious protectionist measures have been avoided. But the focus will now be on more invidious methods: ‘managed trade’, non-tariff barriers and the so-called ‘social clauses’. Lofty ideals like human rights and protection of the environment will be deployed for protectionist causes.

The French Prime Minister Eduard Balladur has spoken frankly of how foreigners in Asia with different values are undermining France’s prosperity. That he was acclaimed ‘Man of the Year’ by no less venerable a publication than the *Financial Times* suggests that his ideas have found a wider resonance across Europe. And indeed he has been echoed by other leaders.

In North America, the passage of the North American Free Trade Agreement (NAFTA) by Congress was an important political signal that the Clinton Administration understands that it must look outwards and compete. But the margin in the House of Representatives was relatively narrow, only thirty-four votes. Despite two weeks of intensive effort, the President was not able to swing the majority of his own party. The two hundred members of Congress who voted against NAFTA apparently believed that the best interests of their constituents will not be served by opening up the American market. Or at least they think this is how they can best be re-elected. In Canada, the Conservatives were swept away when they failed to assuage the insecurities of workers. The Liberals know that they could easily meet a similar fate.

East and Southeast Asia must take heed of these clear signals. We would be foolish to ignore them. The Uruguay Round was only one hurdle. There are a host of other obstacles yet to be overcome.

The opening up of the vast markets of China, India and Vietnam after the Cold War is another new development. East Europe is also opening up. In the longer term, Russia may follow, although the political uncertainties there are far greater. The emerging economies afford enormous opportunities. But the spread of the market has also posed new challenges, again occasioning painful dislocations, resentment and resistance as Europe and America are forced to make necessary structural adjustments.

For all the rhetoric, many in the West are in reality ambivalent about the triumph of the market. They welcome China opening up but fear the resulting Chinese competition. Loud complaints about Japanese competition are already a feature of international discourse. The volume of similar complaints about South Korea, Thailand, Indonesia and Malaysia is increasing. I suspect that East and Southeast Asia countries are being singled out because it is impolitic to draw too much attention to competition from cheap agricultural products and manufacturers from the 'new democracies' of East Europe.

The high growth countries of East and Southeast Asia will themselves be in competition with each other. The Association of Southeast Asian Nations (ASEAN) and the Newly Industrialising Economies (NIEs) will face keener competition from the emerging economies of India, China and Vietnam. These countries are rich in natural resources. They have talented and hardworking peoples. They can produce at lower cost. They are determined to make up for lost time and catch up. This is another fact of life that we must squarely face. Several ASEAN countries are facing a more difficult investment climate. For some, the overall volume of foreign investment has already declined. The competition will become even more intense once political conditions in East Europe settle down and it begins to attract more investment from West Europe and America.

These developments are not temporary phenomena. They are new structural conditions of the international economy. They will make for a more challenging business environment for the rest of this decade and into the next century. These trends will be more pronounced if there is a prolonged recession in the West.

Despite some encouraging signs, economic recovery in the US and Europe is likely to be a slow and long drawn-out process. To regain their long-term competitiveness, both Europe and America will have to make fundamental structural

changes. It is not self-evident that they can or are willing to take the tough political decisions. The Clinton Administration knows what it ought to do. But political gridlock and the dynamic of an electoral system that forces congressman to face their voters every two years will mean that change will be hesitating. The European instinct is to try and protect their standard of living by insisting that others adopt their own conditions rather than adapt to the changed world environment. There are honourable exceptions, for example, Germany and the United Kingdom. But presently there seems to be a general lack of long-term vision and leadership in Europe.

I cannot predict every twist and turn of the world economy or European and North American politics. But as these trends play themselves out over the next decade, there is a real danger that the developing economies of East and Southeast Asia will find themselves caught in a double bind. On the one hand, we may find it more difficult to gain market access to the developed countries. On the other, we will face fierce competition for investments from the newly emerging economies of China, Vietnam and India, as well as from some East European countries and Mexico.

Singapore has so far been spared the worst effects of these trends. We did well last year. The prospects for this year are also optimistic. As a small country, we are nimble and do not need large market shares. Being relatively more developed, we are not in direct competition for low labour cost investments. But we cannot be complacent. The number of European anti-dumping actions against Singapore-based firms is on the rise. Although the emerging economies of China, India and Vietnam afford us attractive prospects, we will not prosper over the long term if our neighbours do not also do well.

The issues are not just economic. Some press commentary in the region has suggested that the decline of investments in their countries is due to the ethnic attraction of China to overseas Chinese businessmen. Such ideas are not shared by governments. But they are deeply ingrained and could well catch popular imaginations. Of course, such ideas are false. Businessmen everywhere are motivated only by a clear-headed calculation of profits. If they do not believe that they can make money, nothing will induce them to invest in China or anywhere else. And if not China, they will put their money in India, Vietnam, Myanmar, Cambodia or even Mexico. Money, like water, will flow naturally to regions where profits are deepest.

Meeting the challenges will require close collaboration between the private sector and the government. It will require regional and international action at one level, and bold and imaginative decisions by individual entrepreneurs at another. Government and private sector must work together to resist the protectionist temptation; move ahead, pass on technology and investments and find new international and regional niches. No country has ever succeeded by closing up.

Regional and international initiatives by governments such as the formation of American Free Trade Area (AFTA) and the Asia-Pacific Economic Cooperation (APEC) set the context for individual enterprise. AFTA is intended to help preserve the competitiveness of ASEAN in the new environment. It is a fundamental strategic decision that has profound consequences for the region's future, marking a new stage in ASEAN's evolution. Of course, the way ahead will not always be smooth.

But the basic direction has been set and I do not think there will be a reversal, even though the pace of advance will vary over time. It is nevertheless important to understand that even a full-fledged AFTA is, at best, only a partial solution to the global challenges.

The total value of intra-APEC trade is approximately US\$2.1 trillion. The total value of intra-Europe trade is approximately US\$1.7 trillion. ASEAN, despite its large combined population and rich natural resources, is only a small player. In 1990, total intra-ASEAN trade was only slightly more than US\$53 billion, a mere 2.5 per cent of total intra-APEC trade. And Singapore accounted for 47 per cent of that figure.

The lesson is obvious. ASEAN needs wider linkages to continue to prosper. APEC is one means of ensuring that the Pacific will not be divided. We should do all we can to ensure APEC succeeds and broaden and deepen Asia-Pacific economic cooperation. And we must also work for closer individual and collective ties between the ASEAN economies and the vast North American market....

The government will use the Economic Development Board's (EDB) existing support network to help promising local companies that have the critical mass, strong management and excellent products and services. They will be given financial assistance to develop business and technical capabilities, venture capital injections to acquire critical technologies, market access or forge strategic alliances with foreign companies.

One key element of this strategy is the local supporting industry sector. This is a critical component in ensuring that Singapore's manufacturing base remains strong and competitive. Local supporting industries service a wide range of foreign MNCs and local companies. The Ministry of Trade and Industry (MTI) recently announced a S\$1 billion Cluster Development Fund. EDB will use this to strengthen the local supporting industry cluster. This will not only help attract higher quality foreign investments but provide a base for world-class Singapore multi-national companies (MNCs).

Other local companies, particularly the small and medium enterprises, will not be neglected. They form the largest proportion of companies in the local enterprise sector. EDB will ensure that the government's assistance package meets the needs of these companies in all sectors and at all stages of growth. Where necessary, existing programmes will be further refined and fine-tuned.

But the government cannot develop the local enterprise sector alone. The private sector must itself play a bigger role. In the end, it is the individual entrepreneur that has to take the decision to venture abroad. The private sector knows best its own needs. It must help the government to better focus our local enterprise development policies, strategies, and assistance programmes.

To do so, the private sector needs to organise itself more coherently. One way is to build up and strengthen local chambers of commerce and the various trade and industry chambers of commerce and the various trade and industry associations. I am heartened that the Singapore Manufacturers' Association has decided to restructure itself into a confederation. The government supports this initiative. I hope that this process does not end with the manufacturing sector. I would like to encourage the chambers of commerce, perhaps through the auspices of the Singapore Federation of Chambers of Commerce and Industry, to consider a similar

confederation for the service and commerce sectors. This makes up the bulk of local companies. If the chambers are keen to pursue this idea further, I am sure that EDB will be pleased to assist them....

- (6) Speech by Prime Minister Mr Goh Chok Tong at the official dinner hosted by Prime Minister Mr Vo Van Kiet at the Presidential Palace, Hanoi, on 2 March 1994 (Singapore Government Press Release No:04/MAR, 02-1/94/03/02)

... Your Excellency's visit to Singapore in October 1991 opened a new chapter in our bilateral relationship. Since then, our relations have strengthened rapidly, with several exchange visits of top leaders. The Indochina Assistance Fund has been used to fund technical assistance programmes for your country. Singapore has also established the Infrastructure Task Force to help Vietnam in its development. We are pleased to share our development experience with you and to help Vietnam plan and build its infrastructure.

Singapore is now Vietnam's largest trading partner and eighth largest investor. The Singapore private sector has demonstrated its confidence in Vietnam through its increasing investments. I hope that my visit here will pave the way for more trade and Singapore investments in Vietnam.

Our experience is that when government provides political stability and the right social and economic framework, the private sector will create the wealth for the country. Businessmen and investors risk their capital, and they are better than the government in identifying opportunities and translating them into viable projects. They were behind the rapid growth of Singapore in the last 30 years.

Vietnam now has some experience working with foreign investors. It has already achieved good economic growth rates in the last two years. You are blessed with abundant natural resources and a hardworking, intelligent workforce. If Vietnam presses on with its Doi Moi and makes foreign investors feel welcome, it can be another dynamic East Asian economy.

We welcome your accession to the Treaty of Amity and Cooperation in Southeast Asia. Your Foreign Minister is now a regular participant at the annual ASEAN Ministerial Meetings. Vietnam is also one of the charter-members of the ASEAN Regional Forum (ARF), which will meet again soon to discuss regional political and security cooperation issues. We hope that through both ASEAN and the ARF, our relationship will not only broaden but also deepen. Together, we can work to safeguard Southeast Asia's security....

- (7) Speech by Prime Minister, Mr Goh Chok Tong, at the dinner hosted by Mr Truong Tan Sang, Chairman of the Ho Chi Minh City People's Committee, at the Reunification Palace, Ho Chi Minh City, on 4 March 1994 (Singapore Government Press Release No: 08/MAR, 02-1/94/03/04)

... Ho Chi Minh City plays an important role in Vietnam's economic development. It is Vietnam's major southern city as well as gateway to the world.

Ho Chi Minh City is also important for the economic cooperation between Singapore and Vietnam. In Ho Chi Minh City, we have started to cooperate in infrastructure development. I hope this cooperation will gather momentum and add more substance to our relationship.

Singapore's investment in Vietnam is mainly in property development. We want to work together with Ho Chi Minh City to identify new investment opportunities which will benefit our two countries. Singapore has capabilities in the development of public housing, seaport, airport and industrial estates, banking, telecommunications, transportation and other service sectors. Vietnam can use these capabilities in its economic modernisation. Our cooperation will enhance the capabilities and growth of our two countries....

- (8) “*Open Regionalism: The Way Forward*”: Address by Mr Yeo Cheow Tong, Minister for Trade and Industry at the Tenth International General Meeting of the Pacific Economic Cooperation Council (PECC-X) Conference, Kuala Lumpur, on 22 March 1994 (Singapore Government Press Release No: 30/MAR, 15-1/94/03/22)

I am happy to see the Pacific Economic Cooperation Council (PECC) growing from strength to strength in the first ten years of its existence.

This reflects the dynamic growth of the member economies. The Asia-Pacific region is the fastest growing region in the world today, and the forecast is that it will continue this performance well into the next century. One of the reasons is the growing strength of the internal engine of growth. Although the PECC is an informal grouping, economic linkages among economies in the group has increased rapidly. The proportion of intra-PECC trade rose from 56 per cent in 1970 to 69 per cent in 1991,¹ based on exports data. This is about the same level as what the European Union countries have achieved after 30 years.

For some time before the successful conclusion of the Uruguay Round of General Agreement on Trade and Tariff (GATT) negotiations, there was real concern that the world was in danger of splitting into three trading blocs: Fortress Europe, an expanded North American Free Trade Agreement (NAFTA) and a Yen bloc. Happily, that scenario appears less likely to happen now. But with so many of our economies in the Asia-Pacific growing rapidly, and intra-Asia Pacific trade growing in importance, there is a temptation to think that belonging to such a bloc might not be a bad idea.

Singapore does not accept this view at all. Singapore believes that, in spite of the long and arduous road towards the conclusion of the Uruguay Round, there is no better alternative to the GATT multilateral trading system. Despite the difficult negotiations, and the substantive work that still remains to be done, we believe that it has been worth it.

The multilateral trading system under the aegis of GATT has underpinned world prosperity for the past 40 years. The enlightened self-interest of the developed countries, particularly of the US which provided a ready market for the exports

¹ From PECC, *Pacific Economic Outlook 1993-94*.

of the developing countries, has been the driving force for global prosperity. As countries realised that the way ahead was to plug more fully into the world trading system, we have also seen the progressive reduction in tariffs and other barriers to trade.

How does the rise of regionalism fit into this argument for an open, global trading system? In recent years, we have seen the development of closer economic collaboration between countries. In the Association of Southeast Asian Nations (ASEAN), we have ASEAN Free Trade Area (AFTA); there is also NAFTA, Australia-New Zealand Closer Economic Relations and Trade Agreement (ANZCERTA), as well as a number of sub-regional groupings called "Growth Triangles". Another possible grouping that is being studied is the East Asia Economic Caucus (EAEC). Then, we have the biggest regional grouping of them all – Asia-Pacific Economic Cooperation (APEC), which we all support.

To reconcile regionalism with a multilateral trade regime, Singapore would like to propose the idea of "concentric and overlapping circles of linkages".

First, let me illustrate with how Singapore has built concentric circles of linkages. The smallest circle is the Growth Triangle concept of cross-border collaboration with our immediate neighbours. Singapore is a partner in the Southern Growth Triangle with Indonesia's Riau province and Malaysia's Johore state.

Take the Riaus for example. This province is geographically close to Singapore but far from the islands of Java and Sumatra, which together form the economic centre of Indonesia. To support the economic development of the Riaus from the centre would mean heavy investment in communications and other infrastructure, which is expensive.

On the other hand, manufacturing and other investments in the Riaus are attractive if supported through Singapore. Both Indonesia and Singapore have recognised the mutual benefit from this joint collaboration project. The most solid basis for economic cooperation is when each partner see tangible benefits for itself. Both recognise that cooperation results in a win-win situation.

The "Growth Triangle" concept of cross-border collaboration is not a "patented" or exclusive concept. Although first conceptualised by my Prime Minister, Singapore is very pleased to see similar triangles of cooperation being established in the region.

The IMT Triangle has been set up between Indonesia, Thailand and Malaysia. Malaysia, Brunei, Indonesia and the Philippines are discussing another Triangle in East ASEAN. I was also interested to read a press report last weekend that Thailand, Laos, Myanmar, and Southern China were setting up a Growth Quadrangle to exploit cross-border tourism.

The next circle is at the broader regional level. ASEAN members are working to implement the ASEAN Free Trade Area (AFTA) within 15 years. I would like to highlight that AFTA is not meant to be an inward-looking trade bloc; nor is it meant to be exclusionary. When other countries in the region are ready, they too can become partners in AFTA.

Beyond AFTA, Singapore supports the broader grouping of APEC. We recognise the tremendous opportunities for investment flows, technology transfer and trade that come from closer collaboration with countries in this larger, and most dynamic, Asia-Pacific region.

Again, I would like to emphasize that APEC is most certainly not a trade bloc, and it is not exclusionary. Actually, this second point must be quite obvious, as the numbers of APEC members has grown steadily since its inception, and we welcome Chile into the fold this year. While APEC members agree that the immediate priority is to take stock and focus on deepening APEC, the door is nonetheless open to new members to join at the appropriate time.

Economic relations cannot be conducted on the basis of strict geometry. These concentric circles of linkages have to be complemented by linkages that overlap or stretch across circles. For example, ASEAN has dialogue arrangements with a number of countries.

Then, like all other countries, Singapore participates in useful bilateral cooperation initiatives with a large number of countries in the region. One of these projects which was initiated recently was our agreement with the People's Republic of China to collaborate on the development of a township in Suzhou in China's Jiangsu Province.

Another idea that we would like to explore further is a link-up between AFTA and NAFTA. Similarly, I believe that we would welcome link-ups between AFTA and other countries, for instance Australia, at the right time.

In the last 30 years, many regional groupings have fallen by the wayside because the economic imperatives were never strong. A study by the International Monetary Fund in 1992 documented 12 cases of regional trading arrangements and concluded that many of them, particularly those among developing countries, fell short of their intentions partly because of "a basic incompatibility between the inward-looking development strategies being pursued in national economic policies and the requirements of regional liberalization."² The point is that the ties that bind will be those forged through hard-headed economic assessment of mutual interests.

I feel confident about our future because I believe that regional cooperation in the Asia-Pacific has been founded on sound approaches.

First, the groupings that have been created are based on economic assessment of mutual interests. These will thus be ultimately more durable than those clobbered together as a matter of semantic or geographic convenience.

Second, the concept supporting all of these is "open regionalism". We believe that multilateralism can co-exist with "open regional groupings" built on the basis of economic interest and economic interdependence, so long as we do not preclude linkages with economies outside the region. The way forward is to emphasize the "openness" of the regional arrangements rather than regionalism *per se*.

My concept of concentric and overlapping circles, with a multitude of criss-crossing lines, may be a bit untidy, but it is flexible and can adapt to changing circumstances. This flexibility or "openness", to my mind, is its strength.

This is important because the bigger the grouping, the more complex is the collaboration and the slower its ability to move. For example, our Growth Triangles are developing very fast whereas the pace of integration in AFTA is slower because more areas are involved and the scope of co-operation wider. This is not surprising as time is needed for the individual ASEAN countries to liberalise their markets.

² IMF Survey April 13 1992, *IMF Study Examines Impact of Resurgence in Regional Trade Arrangements*.

Likewise, ideas like an AFTA-NAFTA linkage will take time to develop. We think that this is an idea that should be explored, at a pace that is comfortable for our economic partners. Where adjustment in one big step is not feasible, we are prepared to take smaller steps first. Equally importantly, where all are not ready, we can take a more measured pace, or move in smaller groups while the others join in when they are ready. Hence, the importance of flexibility.

This is why I am convinced that "open regionalism" is the way forward....

- (9) Statement by Minister for Trade and Industry, Mr Yeo Cheow Tong, at the GATT Plenary, Marrakesh, Morocco, on 13 April 1994 (Singapore Government Press Release No: 11/APR, 15-1A/94/04/13)

... Singapore is glad and honoured to attend this General Agreement on Tariffs and Trade (GATT) Ministerial Conference to sign the Final Act (FA). The FA closes not only the most ambitious, but the most substantive trade negotiations in the economic history of the world. That we are here at this meeting is a tribute to the untiring efforts of Arthur Dunkel, and the inspired leadership provided by Peter Sutherland, and the dedication of the GATT Secretariat.

The negotiations have been tough, but I am sure that it has been worthwhile. Tariff reductions have been deep, averaging over 40 per cent (Singapore has contributed its share by removing its duties and bounds about 70 per cent of its tariffs at a maximum rate of 10 per cent); coverage has been widened to most sectors, including services; the world trading system has been strengthened considerably, in particular, through an improved dispute settlement system. Above all, we have reaffirmed the supremacy of an open and transparent multilateral approach.

However, while our achievements have been remarkable, the signing of the FA does not mean the end. The next chapter will be just as demanding, if not more. The challenge now is to see through the successful establishment of the World Trade Organisation (WTO) and the implementation of the various agreements. There are also some outstanding areas to be settled, such as market access in some services sector. To meet the target dates for implementation, members need to focus their attention and commitment on these "mainstream" areas, to ensure the successful implementation of the market access results and to lock in the gains in so many areas achieved in the Uruguay Round (UR).

Singapore sees the mission of the WTO as being that of a trade facilitating body aimed at expanding production and trade in goods and services via the lowering of trade barriers. In this context, the justification for extending the coverage of the WTO into social rights and labour standards is not clear to all members. In the vast majority of instances, disparities in wage levels arise because of differences in levels of economic development and form a natural part of the comparative advantage of the developing countries. There is also a fine line between discussions of trade issues, and what is perceived by many as the use of trade to bring external pressure for change in countries' domestic, political or social structures.

Singapore has long recognised that the free market system is the way to economic growth and prosperity for our people. We are one of the most open economies, with virtually no import tariffs or protection for our domestic industries. Trade is important to us; it amounts to some three times our GDP. Singapore is therefore

pleased to see an increasing number of countries buying-in to the free market system, and introducing a steady stream of economic reforms and liberalisation measures. We obviously have a major stake in the successful establishment of the WTO. Singapore will sign the Agreement establishing the WTO, and will give the WTO our fullest support.

In line with this, Singapore would be happy to host the first Ministerial meeting of the WTO. This will be the first time a major global trade meeting will be held in Asia, and will complete the circle of UR meetings that begin in South America in Uruguay, then moved on to North America, to Europe and today in Marrakesh, Africa. This choice of an Asian venue would be significant, as a recognition of the region's important and growing contribution to global trade today. May I, in anticipation of your support, thank you and look forward to welcoming you to Singapore in two years' time.