

SINGAPORE AND INTERNATIONAL LAW

The objective of this section of the Review is to reproduce materials and information which illustrate Singapore's attitude to, and approaches on, questions of international law and international organisations. As far as possible, primary materials are reproduced but where unavailable, and the topics are important, secondary materials including relevant extracts from newspaper reports are reproduced. The materials are presented under the following headings:

- I. Policy Statements *
- II. Legislation *
- III. Judicial Decisions *
- IV. Treaties (other than Asean Instruments)
- V. Asean Treaties, Declarations and other Instruments
- VI. Singapore in the United Nations and other International Organisations and Conferences

The materials are selective. As the materials are compiled from the Law Library and other sources, it should be stressed that any text contained herein is not to be regarded as officially supplied to the Review.

IV. TREATIES (OTHER THAN ASEAN INSTRUMENTS)

- (a) *TAXATION: Press Statement, 9 July 1982 on Ratification of the Double Taxation Agreement Between Singapore and Bangladesh (Singapore Government Press Release 08-0/82/07/09)*

An Agreement for the Avoidance of Double Taxation between the Republic of Singapore and the People's Republic of Bangladesh was signed in Singapore on 19 December 1980. This Agreement was brought into force on 22 December 1981 following an exchange of Notes between the two Governments. It takes effect in both countries from the year of assessment commencing on the first day of January 1980 and subsequent years of assessment.

The Agreement is designed to eliminate double taxation and promote greater flow of trade, investment and technical know-how between the two countries. To achieve these objectives, the Agreement provides for limitation of tax by the country of source on dividends, interest and royalties paid to residents of the other country. The rates of tax are not to exceed 15 per cent for dividends and 10 per cent for interest and royalties.

* There is no material under these headings in this issue.

Profits derived by residents of one country from the operation of aircraft in international traffic are only taxable in that country while profits from the operation of ships in international traffic shall be taxed in the other country at fifty per cent of the normal rate.

The Agreement also provides for both countries to give credit for tax on dividends, interest and royalties which has been reduced or exempted by the other country in accordance with laws designed to promote economic development. The rates of "tax sparing" credit are 15 per cent for dividends, and 10 per cent for interest and royalties.

Singapore now has in force Avoidance of Double Taxation Agreement with twenty-three countries. This large network of treaties enhances Singapore's position as a financial centre. It also facilitates multi-nationals to use Singapore as a base for investments in Southeast Asia and beyond.

(b) *TAXATION: Press Statement, 24 September 1982 on Ratification of the Double Taxation Agreement Between Singapore and Finland (Singapore Government Press Release 08-0/82/09/24)*

Singapore signed an Agreement for the Avoidance of Double Taxation with Finland on 23rd October, 1981. This Agreement was brought into force on 24th September, 1982 following the completion of ratification formalities. It will take effect in Singapore from the year of assessment beginning on or after 1st January, 1984 and in Finland from the taxable year beginning on or after 1st January, 1983.

In line with the objective of eliminating double taxation and promoting greater flow of trade, investment and technical knowhow between the two countries, the Agreement provides for limitation of tax by the country of source on some types of incomes and exemption for others. Accordingly, the rates of tax are not to exceed 15 per cent for dividends (five per cent where the beneficial owner holds directly at least 10 per cent of the capital of the paying company) and 10 per cent for interest and royalties. Profits derived by residents of one country from the operation of aircraft in international traffic are exempted from tax in the other country while the tax on profits from the operation of ships in international traffic which is taxable in the other country is reduced to 50 per cent of the normal rate.

Apart from providing for both countries to give credit for tax paid by their residents in the other country, the Agreement also provides that Finland shall give credit for tax on income which has been reduced or exempted by Singapore in accordance with special incentive measures to promote economic development in Singapore. This "tax-sparing" credit is available during the first five years for which the Agreement is effective or such further extended periods as may be agreed upon.

With the ratification of this Agreement, Singapore now has in force Avoidance of Double Taxation Agreements with twenty-four countries.

- (c) *CULTURE, SCIENTIFIC AND TECHNICAL COOPERATION: Press Statement, 15 December 1982 on Agreement on Culture, Scientific and Technical Cooperation Between Singapore and France (Singapore Government Press Release 09-0/82/12/15)*

Singapore and France will sign an Agreement on Cultural, Scientific and Technical Cooperation on 17 December 1982 in Paris. Mr. David Marshall, Singapore's Ambassador to France will sign the Agreement for and on behalf of Singapore.

The Agreement will be effective for a period of five years and will be tacitly prolonged, for successive periods of one year, except in the case of denunciation by either party done in writing with six months' notice.

The Agreement is part of a bilateral five-year Plan of Cooperation between Singapore and France. In May 1982, the Agreement on Economic and Industrial Cooperation was signed during the visit of the French Minister for External Trade, Mr, Michael Jobert, to Singapore.

The Agreement on Cultural, Scientific and Technical Cooperation essentially provides for technical assistance from France to Singapore. The major element of the Agreement is the provision for the establishment of a Franco-Singapore Institute of Electro-Technology. The Institute will train a sizeable pool of skilled technicians in the field of Electro-Technology, with special emphasis on instrumentation, automation, industrial control, computer and microprocessor applications. It is expected to be operational by April 1983. The Agreement also provides for French assistance to Singapore in the following areas:—

- a Training courses at all levels in fields such as the French language, pedagogy, engineering, science, management, medicine and music.
- b Cultural exchanges for the period 1982-86 which would include study visits to cultural establishments in France, holding of modern art and photographic exhibitions in both countries, visit of French cultural troupes to Singapore, exchange of publications, training courses for artists/artistes, assistance in the theatrical fields, exchange of museum experts and translation of French literary works.

A France-Singapore Joint Commission will be set up to implement the Agreement.

V. ASEAN TREATIES, DECLARATIONS AND OTHER INSTRUMENTS

- (a) *ASEAN LABOUR MINISTERS' MEETING: Joint Communique Concerning Fourth ASEAN Labour Ministers' Meeting in Singapore, 6-7 September 1982 (Singapore Government Press Release 12-0/82/09/08)*

The Fourth ASEAN Labour Ministers' Meeting was held in Singapore on 6 and 7 September 1982 to coordinate ASEAN approaches

and cooperation in the fields of industrial relations, labour, manpower and related matters.

H.E. Mr. Ong Teng Cheong, Minister for Labour of Singapore welcomed the Honourable Ministers and their delegations. In his address, Mr. Ong Teng Cheong stated that the favourable political climate in ASEAN had contributed to its economic growth and development. However, the world recession and protectionism had adversely affected the economies of ASEAN. He called on ASEAN countries to diversify their economies and to seek new markets for their products. Industrial relations policies should be reviewed periodically and employers, trade unions and governments need to work closely together to achieve industrial peace and economic progress.

The Meeting was officially opened by H.E. Mr. C.V. Devan Nair, President of the Republic of Singapore. In his opening address, the President of Singapore remarked that the recession in the advanced industrialised countries of the West would compound ASEAN's own problems of economic development. He stressed that protectionism protects no one and this was borne by studies carried out by eminent scholars and the ILO. In his view, it was wrong to denounce all western governments and all international trade secretariats as not all are led by irrational men. However, for those trade secretariats which engage in arm-twisting tactics, ASEAN countries should collectively make known to them that such activities would not be tolerated.

The Meeting noted the satisfactory progress in the implementation of the Resolutions adopted at the Third ASEAN Labour Ministers' Meeting. It also agreed to intensify communication between focal points to promote exchange of information and experiences on labour laws and practices, particularly on trade union activities, labour welfare, labour productivity and employment policies.

In view of the usefulness of the training programmes in the various fields of technical cooperation by member countries, the Meeting agreed to step up the training activities. The Meeting also agreed to establish a Technical Working Group to oversee its programme. The Group will also consider ILO matters and formulate ASEAN's stand on ILO issues. It will meet regularly and submit their reports to the ASEAN Labour Ministers.

The Meeting agreed to continue the dialogue between the Asian and Pacific Labour Ministers and the officials of the International Trade Secretariats. The Meeting also reiterated the request by the Conference of Asia and Pacific Labour Ministers to the ILO to undertake the study of the possible means to avoid conflicts in the relationship between the activities of certain international trade secretariats and the sovereignty of member states.

The Meeting agreed in principle to set up an ASEAN Centre for Industrial Relations to facilitate exchange of information and expertise to help member countries strengthen their industrial relations systems and practices. The ultimate objective of this project is to promote social and economic development through industrial peace, higher productivity and social development.

To enable ASEAN countries to realise and expedite its development projects, the Meeting agreed to urge the ILO to further decentralise authorities to Area Offices in the ASEAN region and to increase fundings and other resources for programmes in the ASEAN countries.

The Meeting reiterated the need for ASEAN to request the ILO Committee of Experts to adopt a more understanding position in supervising the application of ratified Conventions. This could be achieved through missions by ILO officials as it would enable them to observe the economic and social progress in the member countries.

The Meeting supported the Draft Protocol of the Asian Region Government Slate for the restructured Governing Body of the ILO.

The Meeting agreed that the Fifth ASEAN Labour Ministers' Meeting will be held in the Philippines in 1984. The exact dates will be decided later.

The Delegations of Indonesia, Malaysia, the Philippines and Thailand expressed their sincere appreciation to the President of Singapore for opening the Meeting and to the Government and people of Singapore for the warm and generous hospitality accorded them and the excellent facilities provided and the efficient arrangements made for the Meeting.

The Meeting was held in the traditional spirit of ASEAN friendship and solidarity.

(b) *ASEAN ECONOMIC MINISTERS' MEETING: Joint Press Release of the 14th Meeting of the ASEAN Economic Ministers in Singapore, 11-13 November 1982 (Singapore Government Press Release 09-0/82/11/13)*

The 14th Meeting of the ASEAN Economic Ministers was held in Singapore on 11-13 November 1982. The Meeting was opened by H.E. Mr. Lee Kuan Yew, the Prime Minister of Singapore, and was preceded by a Preparatory Meeting of the ASEAN Senior Economic Officials on 8-9 November 1982.

4. The Meeting was opened by H.E. Mr. Lee Kuan Yew, the Prime Minister of Singapore.

5. The Meeting was chaired by H.E. Dr. Tony Tan Keng Yam, Minister for Trade and Industry of Singapore. The Vice-Chairman was H.E. Major-General Chatichai Choonhavan, Minister of Industry of Thailand.

6. The Economic Ministers reviewed the world economic situation and expressed grave concern about increasing protectionism in industrialised countries.

7. The Ministers agreed to reiterate the ASEAN position on various issues at the forthcoming GATT Ministerial Meeting in Geneva.

8. On safeguards, ASEAN maintains its position on the principle of non-discrimination and the need to place all safeguard measures taken outside the GATT under the GATT discipline.

9. On agriculture, ASEAN proposes the launching of a round of negotiations for the liberalization of trade in agriculture and supports the establishment of an institutional body within the GATT to prepare for such negotiations, examine trade problems, practices and policies affecting agriculture, and provide effective solutions to problems and distortions affecting competition.

10. With regard to tropical products, ASEAN maintains that the terms of reference of the Committee on Trade and Development should be expanded for it to become the permanent negotiating body to facilitate the liberalization of trade in tropical products.

11. On non-tariff measures, ASEAN reiterates its position for the elimination of all non-tariff measures inconsistent with the provisions of the GATT. It maintains that there should be a standstill on new tariff and non-tariff barriers against exports and a phasing out of the remaining restrictions, particularly those quantitative restrictions affecting exports of developing countries.

12. As regards export credits, ASEAN takes the position that provisions on interest rate and maximum repayment terms of international undertakings on official export credits should not apply to developing countries' imports of capital goods. This is designed to facilitate the expansion of these imports consistent with the trade and development needs of these countries.

13. The Meeting also discussed common ASEAN approaches to other international economic issues and agreed to take joint stands at international fora, particularly the 6th Session of UNCTAD in 1983.

14. The Meeting considered and adopted the reports of the various ASEAN Economic Committees.

15. The Economic Ministers approved and initiated the Basic Agreement on ASEAN Industrial Joint Ventures (BAAIJV). The agreement is expected to provide a very effective framework for industrial cooperation amongst ASEAN private investors inasmuch as an AIJV product is assured of market access from all ASEAN member countries by way of substantial margins of tariff preference. The investors from the private sector are now being invited through the ASEAN Chambers of Commerce and Industry to submit nominations for AIJV products.

16. The Meeting reviewed the progress of the existing ASEAN Industrial Projects (AIPs). The Economic Ministers initialled the Supplementary Agreement on the ASEAN Copper Fabrication Project (Philippines).

17. The Meeting also agreed to a system of exchange on information on unfair business practices of suppliers and contractors, disputes on contracts and equipment performance and other related disputes.

18. The Meeting reviewed the progress of efforts made to expand intra-ASEAN trade and agreed that across-the-board 20-25% tariff cuts be applied on items with import values up to a new ceiling of US\$10 million. The Meeting further agreed to the following recommendations:

- (a) to replace the matrix approach of exchanging tariff preferences by the bilateral negotiations approach; and
- (b) to explore at the next COTT Meeting the possible areas in which the sectoral approach may be applicable. Areas suggested were textiles, chemicals, rubber and rubber products, and cement and cement products.
- (c) to deepen the tariff cuts on non-food items already under the PTA and on future exchanges to a maximum of 50%.

19. On ASEAN cooperation in transport and communications, the Meeting agreed to take a firm stand against any discriminatory attempts in civil aviation matters to harass or divide ASEAN airlines.

20. The Meeting heard the report by H.E. Dato Abdul Manan Othman, Chairman of the 4th Meeting of the ASEAN Ministers on Agriculture and Forestry held in Kuala Lumpur in early October 1982 and noted the considerable progress achieved in ASEAN cooperation in forestry, crops, livestock and fisheries, particularly in regard to the ASEAN Food Security Reserve, the ASEAN Quarantine Ring and ASEAN Food Handling.

21. To further improve ASEAN cooperation in finance and banking, the Meeting considered and approved the study on Mobilization of Domestic Resources in ASEAN, the continuation and expansion of the cooperation programmes with the EEC in the field of finance, and the selection of Thammasat University in Bangkok, Thailand, to undertake the study on the ASEAN Financial System.

22. The Meeting also reviewed the progress made in ASEAN's dialogues with third countries and international organisations.

23. The Meeting was informed of the difficulties ASEAN member countries experienced with regard to market access to the Japanese market, especially in tropical products such as bananas and canned pineapples. In this connection, the Meeting noted that ASEAN could improve its bargaining position vis-a-vis Japan on substantive economic issues if areas could be identified on which ASEAN could exercise leverage on Japan. The Meeting further agreed that ASEAN should seek to convene an economic Ministerial Meeting with Japan as soon as possible.

24. The Meeting reiterated that Global Negotiations would not only be in the vital interest of the developing countries but would also be of concrete benefit to the developed countries in overcoming the present crisis afflicting the world economy and in ensuring global economic revival. However, although the decision to launch these Global Negotiations was agreed to by consensus three years ago, they were not realised up till now. The Meeting, therefore, emphasized, the need for developed countries to show their political will so as to enable the launching during the 37th UN General Assembly.

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

- (a) *UNITED NATIONS: Speech by Mr. S. Dhanabalan, Minister for Foreign Affairs and Culture at the United Nations General Assembly in New York on 1 October 1982 (Singapore Government Press Release 09-2/82/10/01)*

I should like to begin by extending my delegation's congratulations to you on your election to the Presidency of this session of the General Assembly. You have served many years in this organisation. The reputation you have among your peers is that of an extremely able, knowledgeable, affable man of goodwill. I would also like to say a word of thanks to your predecessor, Mr. Ismat Kittani, for the excellent job he did.

I have read the report of our Secretary-General on the work of our organisation for 1982 with great admiration. It is refreshingly frank and self-critical. I agree with our Secretary-General that our most urgent goal is to reconstruct the UN collective security system. Without such a system, first, governments will feel it necessary to arm themselves beyond their means for their own security; second, the world community will remain powerless to deal with military adventures such as Israel's invasion of Lebanon, USSR's invasion of Afghanistan and Vietnam's invasion of Cambodia; third, local conflicts will threaten to widen and escalate; fourth, there will be no reliable defence for the small and weak nations; and finally, all our efforts on the economic and social side may well falter.

The Secretary-General has made a number of specific recommendations on how to strengthen the UN's collective security system. The independent Commission on Security and Disarmament, chaired by Olof Palme of Sweden, has also made a number of interesting recommendations on the same subject. I urge the Security Council to consider these recommendations as soon as possible.

Turning to the specific conflicts and situations which threaten international peace and security, the Secretary-General was cautiously optimistic on Namibia. He reports that after many setbacks, we now see some signs of the possibility of a solution. Apart from the solitary exception of Namibia, the past year has witnessed no progress in our efforts to promote negotiated settlements of the conflicts in the Middle-East and elsewhere.

In the conflict on Kampuchea, our various resolutions have not brought about a withdrawal of Vietnamese forces. But the unambiguous position of the vast majority of nations, as reflected in the UN resolutions and the International Conference on Kampuchea Declaration, has denied legitimacy to the aggressor, has stiffened and heartened patriotic resistance to foreign occupation and encouraged the various resistance factions to unite their efforts under the leadership of Prince Norodom Sihanouk. Thus the aggressor has not been allowed to enjoy the fruits of its actions.

The position of my delegation on the other problems on the agenda of this session will be enunciated when these items are considered by the General Assembly.

All the conflicts that we were seized with when we last met are still with us today. The new wars in South Atlantic and Lebanon have shown us how quickly and unexpectedly violence and turmoil can spread. Everyday, newspaper headlines and the television screen bring the terrible carnage into every home.

While these events have captured the attention of the world, an economic crisis, no less lethal in its effects on people, has been spreading through the world.

One symptom of this crisis is the debt problem. In recent months, the world's headlines have drawn attention to the problem of Third World debt. It is estimated that the Third World's debt is more than US\$500 billion. These debts were not accumulated overnight. The problem has been brewing for some time. It is a combination of the problem of non-oil producing Third World countries trying to adjust to changes in energy costs and the oil producing Third World countries embarking on massive development schemes in anticipation of future oil income.

The non-oil producing Third World countries were first hit from one direction by high energy prices. They were then hit from another direction as the industrialised countries increased the price of their products to meet increased energy costs. The final blow came when the recession in the industrialised countries depressed the prices of the primary commodities produced by these Third World countries. Squeezed between high costs and falling incomes, these poor countries have had to resort to massive borrowing for consumption and not for investment. It is inconceivable to me how this debt can be repaid or even serviced.

The default of even a proportion of the massive debts that have been accumulated could trigger a total collapse of the global financial system which would, in turn, lead to a deep global depression.

The mild panic that seized the financial pundits of the West when they grasped the implications of the situation that they had got themselves into, now seems to have been replaced by a mood of superficial confidence, perhaps because no one dares believe otherwise. Does one dare say that the emperor has no clothes?

Another problem with grave implications is that of starvation. As much as forty per cent of the world's population suffers from some form of undernourishment. The fate of millions is downright starvation. As the population continues to increase in the poorest region of the world, more and more people will be forced below the subsistence level of food intake. Undernourishment and starvation are not the work of fate but of human action. They can be prevented.

Much of the cause for increasing starvation can be attributed to failure of national policies. But we are here not to pass judgement on national policies. We are here to see how we as members of an international community can help these nations in their plight. The problem is particularly severe in Africa, where food consumption per person is ten per cent less than it was a decade ago.

The problems of debt and famine which I have quoted as examples of the less headline grabbing problems of the global community, are themselves only symptoms of a far more serious malaise in the international economy.

While the problem of global equity remains serious, what we are confronted with today is not simply the failure of the North to respond to the South's call for a more equitable economic relationship but the incipient disintegration of the entire economic system that has sustained both North and South for the past 40 years or so. The consequences of such a total collapse would far outweigh the present injustices of the system. A renowned professor of the London School of Economics, which is not unsympathetic to the Third World, once remarked, "The misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all".

The liberal trading regime set up after the Second World War, and institutionalised in GATT, has clearly been unable to cope with the stresses and strains generated by new conditions. The developed countries have been unable to cope with the increasingly sensitive impact that one national economy has on the other under conditions of interdependence and have been unable to restructure their domestic economies to deal with new patterns of international trade, production and consumption.

The result has been increasing protectionism in the form of a complex system of "orderly marketing arrangements", "voluntary export restraints" and a host of other euphemistically named non-tariff barriers designed to circumvent GATT. So prevalent have such practices become, that the danger is that exceptions to GATT will become more numerous than instances of compliance.

The effect of such protectionism has been to freeze the existing distribution of industrial capability and wealth. One recent study has demonstrated that three-quarters of all actions to restrict imports under safeguard, surveillance and anti-dumping provisions dealt with only three product groups: steel, textiles and clothing. Locational advantages in such production have shifted rapidly and, by and large, the lowest-cost producers are now countries in the Third World who are being penalised for their success.

The problems of debt, famine and protectionism are inter-related. Protectionism freezes existing patterns of international trade in which the developed countries have consistently enjoyed huge trade surpluses vis-a-vis the developing countries. Such imbalances require financing and thus necessitate heavy borrowing and a growing debt burden.

Protectionism also deliberately restricts levels of food production. In Japan, North America and Europe, protectionist agricultural systems have included measures to curtail the production of surpluses of major cereals and some other commodities. The EEC has for two decades subsidised farm production while keeping out cheaper imports. The inevitable surplus stocks lie idle while much of the world starves.

The lesson is clear. The liberal trading system, in spite of all its faults, offers the best framework for a more equitable international

economic system. It is increasingly clear that more developing countries are becoming competitive in the international market. It is also clear that the principles of comparative advantage, if allowed to operate unhindered, must result in a correction of the grossly disproportionate consumption of the world's resources by the developed countries. One cannot hope for a more equitable distribution of global income if the liberal trading regime continues to be undermined.

To my mind, the basic cause for protectionism is the failure of the developed countries to manage state welfare within national means and to direct economic growth to keep pace with technological changes. Over-expenditure on welfare has resulted in inflexible domestic political structures. Governments of the developed countries have been deprived of the political flexibility needed to make changes in international patterns of trade and production without resort to protectionism.

The pressure for protectionism comes from many quarters. It comes from industries in developed countries which have not modernised their production processes and thus find themselves unable to compete with more efficient and lower cost plants in developing countries. But the political pressures for protectionism also come from trade union movements in the developed countries, who, acting from a short-sighted desire to protect workers in declining industries, have urged and forced protectionist measures on governments.

They have sought to organise boycotts of Third World products and services under the guise of concern for the health of workers in developing countries or to prevent exploitation of workers in these countries. The charge that exports from developing countries are based on cheap labour is simplistic. It is true that the wages of Third World workers are lower than those of workers in the developed countries. But the choice before the worker in the Third World is one meal or starvation. For no Third World country with all the inherent drawbacks of its low development status, can be competitive if its workers are paid the wages of the workers in the developed countries. Thus, when union leaders in some developed countries insist that wages and working conditions enjoyed by them must be accorded to workers in Third World countries, they are in fact telling the workers in the Third World to starve. There are no welfare benefits and unemployment pay in most Third World countries. The irony is that low cost imports from the Third World would certainly benefit the Western consumer by reducing his cost of living.

There has been a great change in the attitude of the developed countries towards Third World development. In the immediate post-war years, the developed countries took a very positive view of development in the Third World. From the late 1940s to the 1960s, they believed that it was in their interest to help in the economic development of the poorer nations of the world. These were decades of generous technical and monetary assistance to help these countries take advantage of the benefits of the free trade system.

Today, the attitude of the rich nations to economic development in the Third World is a mixture of disillusionment and fear. To be frank, much of the blame for the disillusionment can be laid at the

door of developing countries themselves. Launching of over-ambitious and prestigious projects have not encouraged those who are sympathetic to aid programmes. More importantly, huge arms expenditures in pursuit of ancient conflicts and animosities against neighbours have crippled economic growth in some developing countries. Much emphasis has lately been placed on economic cooperation among developing countries. The most vital form of cooperation among developing countries is cooperation to maintain peace and stability. In this respect, I would point to the ASEAN regional grouping. ASEAN has created an area of peace, amity and cooperation among its five members. The members have, therefore, been able to derive the maximum benefit from their national economic development policies.

While we must not ignore the shortcomings in the Third World, it is also true that, a number of Third World countries, in response to Western exhortations that they should trade rather than depend on aid, have manifested a capacity to compete with the West in industrial areas involving low technology.

The response in the developed world to this modest success at development has not been praise or encouragement. Rather, there have been alarmist calls for protection from entrepreneurs and labour unions in developed countries.

The developing countries of the Third World are thus caught in a no-win situation. If they are unsuccessful in their development efforts, they are condemned for being inefficient, corrupt, xenophobic and a host of other evils. If they should succeed, they are penalised for their very success.

The slow strangulation of a liberal trading system will increase international tension. The television cameras may not notice the process but I fear that if we continue to neglect the problem, we will have all too much drama.

The major developed countries are increasingly divided amongst themselves. The North and South will move further apart. Desperation will breed irresponsibility. The benefits of all this will rebound to those powers that profits from and exploit instability and divisions. The result would be an increase in international instability. This threat to the stability of the international system is fundamental. In an interdependent world, autarky is no longer a viable option for any nation. The question that all of us must face is whether we can muster sufficient political will to preserve the integrity of the system before the point of no return is reached.

- (b) *GATT MINISTERIAL MEETING: Statement by Dr. Tony Tan Keng Yam, Minister for Trade and Industry, at the GATT Ministerial Meeting, 24-27 November 1982 in Geneva (Singapore Government Press Release 16-1/82/11/24)*

It is my great pleasure to first extend a very warm welcome to His Excellency Punnamee Punsri, Minister of Commerce, Thailand and his distinguished delegation. With the accession of Thailand as the 88th contracting party of GATT, all five countries of Asean are now members of GATT and can play their part in contributing to the success of this meeting.

All of us gathered here today share a deep concern that we must arrest the present disastrous slide towards protectionism. At this meeting, it is crucial that we make a firm political commitment to abide by the rules and principles of GATT. Only if there is a strong and unequivocal statement of political will by all contracting parties to abide by GATT can we preserve the international trading system and contribute to world economic recovery.

Singapore believes in free trade and adheres scrupulously to the principles of GATT. Mr. Chairman, I take this opportunity to renew Singapore's pledge to conduct trade according to the rules and principles of GATT and I urge all members of GATT to join me in making this pledge. All countries, both developed as well as developing, should undertake to stop implementing any new protectionist measures and further, to report to GATT, at the next session of the contracting parties, on what steps they will take to reduce their present trade barriers.

The prolonged international economic crisis has taken its toll on the multilateral trading system. Some countries have increasingly sought to resolve their trade problems outside the GATT framework, thereby undermining confidence in the GATT.

Mr. Chairman, if all countries had respected Article One of the general agreement on the most favoured nation (MFN) principles, there would not be a problem with safe-guards today. Any agreement or understanding on safeguard measures can be equitable only if it upholds the MFN principles which is, after all, the most fundamental principle of GATT. Selective measures in any form are a step back from the MFN principle and must ultimately weaken the authority of GATT in regulating orderly world trade. Singapore therefore shares the concern of other developing nations on the proposed concept of consensual selectivity and how it would be applied. Our recent experience in the multi-fibre arrangement cannot but make us wary that consensual selectivity in practice would mean that developing exporting countries would have no choice but to agree to the measures imposed by the importing countries.

Like all members of GATT, Singapore has been disturbed by the tension that has built up since the Ministerial Meeting was mooted a year ago. Instead of working towards freer trade, countries, particularly the developed countries, have heaped one barrier after another on developing countries and on each other. Measures taken outside GATT by the industrialised countries to limit trade among themselves have led developing countries to believe that they can do the same. To convince developing countries to pursue freer trade policies, the major industrialised countries have to be good examples in the conduct of international trade. We recognise the severe trade problems among the United States, the European Community and Japan but the major industrialised countries must resolve their present difficulties within the principles and disciplines of GATT. This by itself will contribute significantly to the promotion of freer trade throughout the world.

Mr. Chairman, Singapore would like to record our appreciation to the GATT council, headed ably by Ambassador Das, for their truly Herculean effort in reconciling the differences in the philosophies and

approaches of GATT members. Document C/W/403 is an outstanding achievement which would have been inconceivable only two months ago. By their painstaking work, the GATT council have greatly facilitated the task of ministers at this meeting.

Singapore will make every effort to ensure that this meeting is a success. And the meeting will be a success if we can sincerely, firmly and openly declare our political determination to go back to the rules and principles of GATT in the conduct of international trade. Only when we have such a commitment can we hope to reach agreement on other measures to further liberalise world trade.