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STATEMENT BY THE SENIOR MINISTER OF STATE FOR FOREIGN  
AFFAIRS, MR A RAHIM ISHAK, LEADER OF THE SINGAPORE  
DELEGATION TO THE 35TH PLENARY SESSION OF ESCAP  
IN MANILA ON 7 MARCH 1979

On behalf of the Singapore delegation, I would like to join the other distinguished delegates in congratulating you, Mr Chairman, on your election to the Chair of the 35th ESCAP Plenary Session, I would also like to express our appreciation and commend the organisers for the excellent arrangements made for the meeting. May I also add a special word of thanks to the people and Government of the Philippines for the warm hospitality that has been accorded to us.

Mr Chairman, prospects for the world economy for 1979 are still not encouraging. The forecast for the growth of world gross national product in 1979 will be only 3.1 per cent compared with 3.9 per cent in 1978. The preliminary projected real growth rates in 1979 for the major industrial countries range from 2 per cent for the United States,  $2\frac{1}{2}$  per cent for the United Kingdom,  $3\frac{1}{2}$  per cent for France and Italy to 4 per cent for Germany and  $4\frac{3}{4}$  per cent for Japan. In terms of the volume of world trade, the forecast for 1979 is around 4 per cent as compared to around 5 - 6 per cent for 1978.

Fortunately for Singapore, the economy is expected to achieve a satisfactory growth rate in 1978, largely due to a rapid expansion in our transport, communications, utilities and manufacturing sectors. Industrial productivity also increased. However, dark clouds remained on the horizon. Hit by protectionism, external trade growth in 1978 was the lowest in three years. Singapore's trade deficit widened to US \$3 billion - we continue to suffer severely from shortage of skilled manpower. The prospects of further improvement in the growth of our air transport and related tourist industries are less promising because

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of recent protectionist developments in the air transport industry.

These forecasts suggest that unless the major developed countries are prepared to undertake extensive measures to restructure and stimulate their economies, the prospects for rapid world economic recovery and the alleviation of human suffering are dim.

In this connection, it is unfortunate that certain developed countries, faced with problems of high unemployment and slow growth are falling back on protectionist devices which, while alleviating surplus manpower problems in the very short term, will eventually exacerbate these problems.

Orderly marketing arrangements, import quotas, voluntary export restraints, administrative obstacles to imports, subsidies to domestic industries, anti-dumping procedures, trigger price mechanics and discouragement of overseas investments - all these have become features of the developed countries' own version of a new economic order. Furthermore, some developed countries, who in the past have propagated free trade, now have no hesitation in drawing up a whole new set of rules to suit their protectionist mood. New concepts such as selective safeguard action are being evolved in the Multilateral Trade Negotiations. Another protectionist device is the concept of Graduation, which would allow developed countries to arbitrarily withdraw preferential treatment, such as the GSP, from whichever developing country that becomes successful in exports.

Protectionism has even spread to new fields of economic activity. For instance, the new Australian International Civil Aviation Policy (ICAP) announced by the Australian Transport Minister, Mr P J Nixon recently, proposes a new international aviation order which will radically alter the existing system of international aviation, a system which has been widely accepted for the last 30 years. ICAP is a highly protectionist policy which provides that traffic between two countries should be carried out only by the national carriers of these two countries. Other airlines will therefore not be allowed to participate in the carriage of passenger traffic. All other airlines which had over the years contributed significantly to the development of such traffic between the two countries will be crippled.

It is therefore disheartening to note that, after so many years and the tremendous efforts made, the New International Economic Order is still an unfulfilled dream. The developed countries, battered by their own economic troubles, still lack the political will to consider positively the proposals of the NIEO. They have said that the current world economic situation does not create a conducive atmosphere for the NIEO. But if they continue to resist the NIEO proposals, the acrimony which now colours the political and economic relationships may deteriorate into bitter confrontation. Clearly, there is a great need to tackle the inadequacies of the post-war international economic system.

The stalemate has thus far defied solutions. A breakdown in international economic relations will be disastrous for all of us in an increasingly interdependent world. All countries must take urgent and collective steps to stop the progressive move towards that breakdown. The developed countries must realise that they cannot unilaterally evolve the rules of economic relationships and then undo them when those rules no longer serve to perpetuate their dominant economic position. They must realise that they cannot cling on to a monopoly of the world economy when their industries are no longer competitive. Their reluctance to accept the NIEO and their reliance on protectionism only means a delay of difficult structural adjustment necessary for a return to faster growth. An amicable solution to these problems is in the mutual interests of both developing and developed countries.

Fortunately, developing countries have realised these threats and have united against them everywhere - in Geneva, New York, and recently at the Group of 77 meetings in Colombo and Arusha. Since normal appeals have in the past few years fallen on deaf ears, the free traders of the world today have resorted to institutional measures against protectionism, both at the Multilateral Trade Negotiations and in international fora.

In this regard, I am glad to note that ESCAP has played a useful role in helping to realise a more just and equitable society in the New International Economic Order. For the Asian and Pacific countries which today accounts for over half of the world's population, the programmes of ESCAP are important as they provide not only the implementation of concrete projects, but also manpower training and advisory

services in development projects that would otherwise be unavailable to developing countries in the ESCAP region. ESCAP's programme for rural development is laudable, and the emphasis on this programme is a reflection of the deep concern we all have for the majority of the people in this region. I must express the deepest appreciation of all member countries for the work that has been accomplished by ESCAP in the past years. I hope that ESCAP will continue to assist member countries achieve the goals set out by the UN Second Development Decade.

Mr. Chairman, Singapore supports fully also ESCAP's pragmatic approach to economic cooperation among developing countries (ECDC) and its emphasis on regional and sub-regional cooperation. It is logical that ECDC should be built upon sub-regional blocs, so as to maximise advantages arising from existing patterns of interdependence in trade, investments, finance, tourism, transport and other areas. In this context, I would like to mention the major strides made by ASEAN in recent years. Some of the progress made by ASEAN has already been described in ESCAP's biennial review for 1978. Briefly, we in ASEAN have embarked on concrete industrial and trade cooperation. Economic inter-linkages have been increased through joint endeavours among the private sectors in the ASEAN countries. ASEAN has attained international recognition as an increasingly successful organisation. ASEAN negotiates jointly in international forums and with individual developed countries. We hope that the developed countries can now appreciate the cohesiveness among developing countries that emerges from such regional cooperation, and understand that we are prepared to make individual sacrifices in the interest of the collective whole.

The concept of cooperation among developing countries is now widely accepted. On technical cooperation, Singapore plays an active part in the Colombo Plan as well as in the ASEAN Training Awards Scheme, both of which are forerunners in the concept of technical co-operation among developing countries. Our awards under the Colombo Plan cover courses in communications, education, health, port activities, housing, business administration and industrial training. For the period 1978-80, nearly 900 training awards in these fields are being offered to member countries of the Colombo Plan. Under the ASEAN Training Awards Scheme, we will be offering in 1978/79 nearly 280 places in 74 courses in industrial health, telecommunications, port administration, family

planning and education. Singapore's bilateral assistance to developing countries has been generally in the same fields. Singapore has provided training to 850 persons between 1972-77. Apart from this, Singapore is also involved in numerous technical programmes under the CFTC and UNDP having provided training for nearly 90 and 200 persons respectively in the period 1974-1977.

In concluding, Mr Chairman, I would like to assure member countries that, although Singapore is a small resource-scarce island developing country, we will continue to play our part in regional and sub-regional programmes by providing every possible contribution for the economic and social advancement of the ESCAP community.

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