

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Working Party on Commodity Problems

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STATEMENT BY THE AUSTRALIAN REPRESENTATIVE

at the morning meeting on 2 September 1955

I shall briefly outline the Australian attitude towards the draft Agreement drawn up at the first session of this Working Party. What I shall say does not reflect a decision of my Government. It represents, within the general attitude of my Government on the issues of policy involved, the views of officials who will be responsible for advising Ministers when a decision is taken in Australia on the results of our labours. Clearly, therefore, I shall be speaking not only today but throughout our meeting on an ad referendum basis.

Members of the Working Party will recall that in the discussions on the review of GATT, Australia considered that action to facilitate - and I underscore the word facilitate - the conclusion of international commodity arrangements constituted one of the ways in which the General Agreement might be made a more balanced Agreement from the point of view of countries which are essentially exporters of raw materials and bulk foodstuffs.

In his statement at the plenary session of the CONTRACTING PARTIES on 16 February last the Australian representative (Mr. J. G. Crawford) pointed out that the draft Agreement which was annexed to the Interim Report of this Working Party (L/320) did not, in the view of Australia, serve this purpose, nor could we see justification for it as an alternative to the position where the formulation and operation of commodity arrangements could be governed simply by the provisions of GATT so far as they applied. In short, we regarded the draft Agreement as quite unsatisfactory from Australia's point of view and certainly not one which, without substantial amendment, could be recommended to our Government.

I am instructed to state that whilst we have, at the official level, carefully studied the draft Agreement during the past several months, we have found no reason to alter in substance the views which we have previously expressed. I do not propose at this time to go over all of our points of criticism, and I would like to refer the Working Party to the statement by Mr. Crawford on 16 February. Set out therein are some major points of criticism and the reasons why we can regard the present draft as providing only a starting point for further discussion.

I would hope that in that further discussion we can proceed to evolve a draft Agreement that will help towards overcoming the difficulties inherent in the conclusion of commodity arrangements. I shall defer criticism in detail of

various aspects and provisions of the present draft text but I think I should now bring to the Working Party's notice the principal grounds on which we consider that the draft Agreement cannot be deemed to be one that will really facilitate the conclusion of international commodity arrangements.

It has been our objective, and it is still our objective, to remove the restraints and rigidities imposed by adherence to the principles of Chapter VI of the Havana Charter. We recognize that in a number of directions the draft text is a more flexible instrument but it is still too rigid and, we consider, too formalized and unnecessarily elaborate.

I shall apply this general criticism to some important aspects of the draft Agreement. Take first the question of negotiating a commodity agreement. Here the draft seems encumbered with detail but the crucial point is that individual countries will or will not enter into an agreement according to their own interests as they see them. Such an agreement, depending upon its nature and terms, may have to be excepted under the proposed new text for Article XX:I(h) of the General Agreement. In the absence of general criteria it would of course be for the CONTRACTING PARTIES to decide whether the exemption should be granted in each case. We are not so persuaded of the desirability of a set of agreed criteria or rules applicable to all international commodity arrangements as to consider that any particular set of rules such as the present set of rules would be better than to have no agreed principles to follow.

Again, in our view, the text of a general agreement on commodity arrangements should leave to negotiating conferences the determination of voting rights in commodity arrangements. Here I am confirming our previous view which, without going into detail at this juncture, is that in the case of each commodity agreement voting rights as between consumers and producers should be considered on the merits of the case and in relation to the obligations, whether financial or otherwise, borne by each participating country. We could not agree that equal voting power for consuming and producing countries should be written into the proposed Agreement as an immutable rule.

Likewise, we consider that questions concerning the operation of an individual agreement should be left to the commodity council concerned once the agreement had been brought into effect. In our view Article VII in the draft Agreement should be deleted and any questions at issue between participants in a commodity agreement should be dealt with by the commodity council, with recourse being had to such machinery for the settlement of disputes as the terms of the commodity agreement may provide for.

Next, we think that the present draft, whilst it does go further than Chapter VI of the Havana Charter in this respect, should go somewhat further to facilitate the prompt conclusion of a commodity agreement when the principal producing and consuming countries are agreed that one is desirable. We recognize that in the framing of a commodity agreement the interests of other countries - those which are not the major exporters or importers - have to be taken into account.

It seems to us that the present text lays far too much emphasis on the formal machinery of study groups, and in addition to the point I have just mentioned, we consider that the present text does not adequately recognize FAO's rôle in the field of commodity problems. We regard it as important that FAO should play its full rôle although the commercial implications of draft agreements or other commodity proposals fall within the GATT field.

Finally, Mr. Chairman, I would say that we would want further consideration given to the powers of the proposed Assembly. This point is partly linked with some which I have made earlier such as the suggested deletion of Article VII.

I have endeavoured to cover the main points of our criticism of the present draft. But there are other points which we do not regard as satisfactory. A number of these would be caught up if the whole document were made less rigid and less elaborate. Something more than mere drafting would be involved. I repeat that what we envisage is an agreement that will facilitate the conclusion of international commodity arrangements as measures for stability and enable them to operate without the attachment of conditions more restrictive than can be justified under the terms of the General Agreement,