

GENERAL AGREEMENT ON TARIFFS AND TRADE

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MEETING OF TRADE NEGOTIATIONS COMMITTEE ON 13 JULY 1964

Statement by the Australian Representative

Mr. Chairman you have rendered us a valuable service in raising agriculture for discussion.

Your statement at the last meeting served to remind us that this question - whilst acknowledging its complexities - is in many ways, for all major participants, and certainly for Australia at the very heart of the Kennedy Round negotiations. Unless concrete results can be secured - results which are meaningful in trade terms - not only would the hopes expressed in the ministerial meeting in May 1963 be dashed but it would be confirmation that those fully developed countries which can afford to grant concessions on agriculture are for one reason or another not willing to do so. This would be a bleak prospect and one we do not wish to countenance not only for our own trade future but for the general wellbeing of the GATT itself.

As we have not moved very far in the agricultural field it is impossible not to cover old - yet important ground - in stating the position as we see it. I hope to do this in a moderate way and believe it will serve some purpose. I have nothing very new to say and indeed it would not be appropriate for Australia immediately prior to the summer recess to advance positive or firm proposals on either the content or the procedures for the negotiations on agriculture.

A major feature of the May 1963 meeting that launched these negotiations was that it was agreed without reservation that agriculture should be negotiated. This was in contrast to the experience of the past. No one, least of all my Minister, thought it would be an easy task but we all agreed not only to try but to succeed.

This agreement is contained in the Ministerial Resolution and I quote:

A2. "that the trade negotiations shall cover all classes of products, industrial and non-industrial including agricultural and primary products";

It continued:

A7. "that in view of the importance of agriculture in world trade the trade negotiations shall provide for acceptable conditions of access to world markets for agricultural products."

The May Ministerial Resolution contained an in-built time-table, and whilst this has slipped somewhat in respect of industrial products, it has gone seriously awry and almost ground to a standstill in respect of the negotiations for agriculture. As yet we have no real idea of "the rules to govern and the method to be employed in the creation of acceptable conditions of access to world markets for agricultural products in furtherance of the significant development and expansion of world trade in such products".

As late as the meeting of the Committee at ministerial level in May of this year it was still envisaged that in respect of agriculture "the necessary rules and procedures shall be established at an early date". Over two months have regrettably elapsed since that time and there has not been any discussion of how to go about doing what the Ministers decided should be done in May. This is disquieting and I must register our grave concern.

The United States on 17 June carried through its stated intention of circulating a paper (TN.64/AGR/4) elaborating its position on the Community's proposal for the negotiations on agriculture in the Kennedy Round. I do not think it unreasonable and I do not mean to be provocative in asking the representative of the European Economic Community when a reply to this considered statement and to the questions raised earlier by other delegations regarding the montant de soutien might be expected. We cannot proceed in a vacuum.

Moreover, there are technical and timing problems which will have to be faced if the delay on agriculture continues. For example, the procedures adopted by the Ministers for the justification and subsequent negotiation of exceptions provide for a first and second stage. It was agreed that countries like Australia which had submitted an offer in a form and on terms agreed by the Trade Negotiations Committee should be free to participate in this second stage. However, we could have the situation where, from no fault of our own, we are unable to make offers because agriculture had not progressed to the stage where we have any idea at all of the likely benefits to which we have to respond.

I acknowledge that this is something of a formal point but it does illustrate the manner in which the total procedures become unravelled if a major sector of the negotiations seriously lags behind the other. I would assume that if these circumstances did arise there would, however, be no objection to Australia participating in the second stage, for, as I have remarked, we would be placed in the position of not being able to make offers through no fault of our own.

As stated we have no positive proposals to place before the meeting. However, in asking others to reflect on the situation with which we are confronted I should indicate that we do not have a completely closed mind to the possibility of adapting the montant de soutien - by perhaps supplementing it with respect to access - for negotiations on some commodities; for example, it may well have some application for products being dealt with in the Commodity Groups. However, we are concerned that the European Economic Community

- (i) has been unable to demonstrate to date how they would see their approach (montant de soutien) being applied in practice to particular cases or how the quite difficult practical problems would be handled;
- (ii) with indications given earlier that the European Economic Community are not prepared except perhaps for a very few marginal items, to consider alternative negotiating bases.

But as I have indicated we do not have a closed mind to the European Economic Community's approach. However, I would be misleading this meeting if I did not say that we do not ourselves see this approach as being appropriate to any significant extent to products outside the commodity group or to products presently subject to tariffs only. To get ahead movement is required (from what we truly hope will be our negotiating partners) and I hope it is not out of context here to recall that Mr. Rey for the European Economic Community said in May of this year in referring to the American document (now submitted) (TN.64/AGR/4) that "the Community would devote very careful attention to the document and would try and bridge the gap". It might be unfair to ask Mr. Hijzen today whether and how the bridging operation can be done but it is imperative for the negotiations as a whole that he is able to make a start in the early autumn.

Again, whilst the European Economic Community may not like to hear in particular we do see the objections made in the American paper as being generally valid, at least in respect of the great majority of products not covered by the commodity groups. As we understand it there would be a virtual ruling out of reductions in protection and loosening of existing bindings. Finally, on the montant de soutien, I want to emphasize that we cannot accept that part of the approach which would treat the bindings of widely varying levels of protection in each country (including cases where there is no protection) as representing a balance in the negotiations. In fact we are unable to reconcile this aspect of the European Economic Community's proposals with the position the Community has in the past adopted on tariff disparities.

I do not apologise for taking up the time of the Committee with this statement of concern. We understand the difficulties that confront others but there is a point at which continued silence becomes acquiescence in no progress. Perhaps our disquietude would be reduced if we did not sense a real tendency on the part of some to leave agriculture to one side in the preparations for the negotiation. It is natural therefore that we attach great importance to the resumption of discussions on ways of dealing with this admittedly complex sector.

So:

As to the future we believe the Trade Negotiations Committee should contemplate resumption of substantive discussion in the Commodity Groups and Agricultural Committee in October/November, the actual date to be fixed by the Trade Negotiations Committee after the summer recess having full regard to the situation then obtaining and to the necessity for reasonable notice of such meetings because substantive discussions require, for us at least - and I believe others - home-based representation.