

GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations
Group "Agriculture"

Original: English

STATEMENT BY AUSTRALIA TO GROUP "AGRICULTURE"
ON 20 DECEMBER 1976

1. This statement seeks to:
 - emphasize the special significance of trade in agricultural products to countries such as Australia which are heavily dependent on production and trade in primaries;
 - restate some of the problems and issues faced by producers of farm products;
 - introduce a list of Australia's interests in various barriers which impede or distort agricultural trade;
 - propose a procedure and programme which the Agriculture Group and its Sub-Group might pursue in the coming months, in an effort to find solutions.
2. Although three years have elapsed since the Ministerial Conference in Tokyo, very little progress has been made in formulating a mutually acceptable approach to the negotiations on agricultural products, even though agriculture plays a very significant rôle in international trade. Last year exports of agricultural products were valued at some US\$150 billion representing some 20 per cent of the total value of exports of all products.
3. There should be no need to underline the importance efficient producers attach to trade liberalization in the agricultural sector and the implications for their participation in the negotiations of the failure to substantially improve market opportunities.
4. We are all only too well aware of the fact that the agricultural sector has to a large extent remained comparatively untouched by previous efforts to negotiate more liberal trade conditions. It would be difficult to find an area of trade with such a complex array of distortions and barriers - or one where policies and practices have been as inconsistent with the objectives and principles of the GATT - as that of trade in agricultural products. Many countries have introduced and maintained, inconsistently with the spirit of the GATT, a variety of import and export measures which have distorted and restricted international trade and discouraged a more rational use of the world's food-producing resources.

5. Though the General Agreement was designed to regulate trade in agricultural products, as well as other products, it has proved ineffective in this respect. The rules that do exist have to a large extent either been waived, circumvented or simply ignored.

6. In this increasingly interdependent world economy we should do our utmost to avoid trade policies which appear to have as their main aim the elimination of effective competition between domestic producers and foreign suppliers. Present policies and practices are imposing heavy costs not only on agricultural producers but also on consumers and on the international economy as a whole. Progress in liberalizing and expanding trade holds out the possibility for considerable economic advantage to both industrialized and developing countries and to both producers and consumers.

7. The Tokyo Declaration recognizes that different sectors of trade have differing relative importance to individual participating countries and to this end the "mutual advantage and reciprocity" clause seeks to ensure an overall result in which there is a broad equivalence in concessions given and benefits received.

8. In this context the need to achieve substantive progress in improving world trading conditions for primary products and particularly agricultural products is far more important for some participating countries than others. Such is the case for Australia, over 75 per cent of our total exports are primary commodities and 50 per cent of those exports are specifically farm products - a situation radically different from that of other major developed countries as the following figures show.

Farm Exports as an Approximate Average Percentage of Total Exports*

Japan	-	1.4 per cent
Nordic countries (Finland, Sweden and Norway)	-	3.9 per cent
EEC (9)	-	12.0 per cent
United States	-	19.4 per cent
Australia	-	51.8 per cent

*Average 1969/73

Source: EAO Trade Year Book; Volume 28.

9. For major developed countries which have large, technically advanced and competitive industrial sectors and even for some developing countries which have substantial industrial capacity and scope for imminent expansion it is possible to derive very significant benefits from the MTN solely through liberalization of trade in manufactures. This is much less so in Australia's case. Less than 20 per cent of Australia's total exports could be considered manufactures, and the bulk of these go to nearby markets many of which are developing countries who understandably seek not so much to give concessions on trade in manufactures as to receive them. Conversely exports of manufactures to the major industrialized markets of the United States, EEC and Japan represent only 5.5 per cent of Australia's total exports.

10. It is in the area of agriculture that Australia has a comparative advantage over many developed countries as well as being a major supplier to developing countries of temperate foodstuffs which complement their own resources. It is in this sector where Australia expects to achieve important concessions.

11. Australia has developed a number of efficient agricultural industries geared to trade and the world market; and a very high proportion of total production is destined for export:

Percentage (by Volume) of Australian Production of Important Farm
Products Exported

(Average 1971-74)

<u>Product</u>	<u>Percentage of Production Exported</u>
Wool	96 per cent
Sugar	76 per cent
Wheat	70 per cent
Beef and veal	64 per cent
Dried vine fruits	70 per cent
Cheese	26 per cent
Barley	53 per cent
Butter	31 per cent

12. These efficient agricultural industries have faced increasing restrictions on their access to world markets as higher cost producing countries have applied a range of measures to protect and stimulate their own agricultural production. These protectionist policies have not only displaced imports in the countries applying them but have also, in many cases, resulted in surplus production, the disposal of which has disrupted third country markets. As a consequence, it has been necessary for several agricultural sectors in Australia to curtail production and for people, land and capital to leave the industry despite the fact that if the liberalization of world agricultural trade approached the level achieved for industrial products, Australia would have a clear comparative advantage in the area of production.

13. In discussions to date Australia has emphasized these points and has made what it considered to be useful suggestions to advance meaningful exchanges on agricultural issues in the wider context of proposals on item-related non-tariff measures, quantitative restrictions, subsidies and variable levies, without having achieved any worthwhile discussion, due to procedural disputes and the refusal of many countries to consider these issues other than in Group Agriculture.

14. Australia acknowledges that progress in liberalizing international trade in agricultural products as with other products will not be a simple task. However, if 1977 is to remain the target date for concluding the negotiations, it is important that we all adopt a more flexible and pragmatic approach so that a substantive examination of trade barriers is put underway as soon as possible.

15. It will be recalled that Australia reserved its position in respect of proposals on how to proceed with work on agriculture, contained in document MTN/LG/4 which most participants endorsed at the December 1975 meeting of the TNC. Australia has consistently emphasized that the multilateral character of the negotiations should apply to both agricultural and non-agricultural trade.

16. The overall position is that little headway has been made, and this lack of progress is not in the interest of trade liberalization, of the MTN as a whole, or of Australia.

17. In emphasizing the need for an across-the-board multilateral approach to solutions on agricultural trade, Australia has taken particular note of the repeated insistence by some delegations, and especially the EEC, that they would discuss the problems of agricultural trade only in the Agriculture Group and its Sub-Groups.

18. We think that without prejudice to the ongoing discussions in other Groups and Sub-Groups, full opportunity should be given for it to be clearly demonstrated that the Agriculture Group and its Sub-Groups can proceed to undertake meaningful discussions showing the way to negotiations on issues such as access, domestic support systems and export subsidy practices. Australia is not at all convinced

that a bilateral approach in the agricultural sector will lead to the best results in terms of reciprocity and mutual advantage at the broadest possible level. Nevertheless we have concluded that in view of the fact that the major participants are determined on this interim approach, there is no alternative but to give the major participants the opportunity to demonstrate their good faith in the matter. Accordingly, Australia will today be submitting for circulation an indicative list of Australia's interest in various barriers which impede or distort agricultural trade. This list is not intended to be exhaustive and does not necessarily reflect any order of priority. However, Australia reserves the right to notify other measures as it deems appropriate. Relevant parts of this list will be used in the context of the procedure outlined in MTN/AG/4. Whilst we recognize that such consultations may play a useful rôle in clarifying the factual situation and in helping to understand the economic and social circumstances underlying particular measures they are not a substitute for and should not delay the multilateral search for improved conditions of international trade.

19. In Australia's view it is imperative that the multilateral discussion of agricultural issues commence as soon as possible. In our view Group Agriculture should proceed with its work programme divided into two inter-related areas:

- (a) A discussion and analysis of the principles of trade which should be adopted for agriculture. I will give examples later. This work should take account of and be co-ordinated with other groups working on general principles with the aim of indentifying the common ground for codes of general application as well as codes particularly related to agriculture;
- (b) The work of the major Sub-Groups could proceed to translate these general principles into forms suitable for the particular commodities under examination. This is not to say that the work of meat, dairy and grains groups should be suspended. In fact, from these groups would come the essential inputs for the groups considering the broader elements in (a).

20. With regard to what I have said Australia believes that the issues which we think should be taken up under (a) should include the following:

- (i) Access for agricultural products including:
 - the scope for reductions in tariff barriers in trade in agricultural products taking into account the tariff formula being proposed in the Tariff Group;
 - the scope and methods for negotiating on non-tariff measures, including consideration of how reductions in barriers to agricultural trade equivalent to those being proposed for trade in industrial products can be achieved.

- (ii) Price support policies and their effects on agricultural production and trade:
 - methods of containing the harmful effects of price support systems on production, consumption and trade.
- (iii) Export aids, their impact on agricultural trade and methods of negotiating constraints on dumping of subsidized exports.

21. Australia hopes that the above proposal will assist accelerated progress in this area of the negotiations and on this basis looks forward to participating in the work of Group Agriculture in 1977. At the end of the negotiations it is our hope that one of the memorable achievements will be a real movement towards a more liberal world régime in agriculture. Much has been achieved over the last two decades in the liberalization of world trade in industrial products. However, the problems of agricultural trade have defied solutions at successive rounds of trade negotiations. We sincerely hope that this round of negotiations will achieve the equivalence of treatment in the GATT for all products, agricultural and industrial, so that all nations will benefit to the maximum extent in the liberalization of world trade.