

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG14/W/2

3 April 1987

Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Functioning
of the GATT System

Original: English

COMMUNICATION FROM AUSTRALIA

The following communication, dated 31 March 1987, has been received from the delegation of Australia with the request that it be circulated to members of the Group.

MORE ACTIVE MINISTERIAL INVOLVEMENT IN THE GATT

1. The effectiveness and decision-making of the GATT has been significantly reduced by the erosion over time of the contracting parties' commitment to GATT principles, and through lack of continuous and high-level political involvement in its processes. Increasingly over the years the resolution of disputes in the GATT has tended to become bogged down through individual contracting parties taking inflexible and fixed positions.
2. The competing national interests which readily surface in matters of international trade can best be managed and channelled if there is regular and persistent Ministerial reinforcement of agreed objectives and goals. A preparedness to submerge short term considerations for longer term policy aims and priorities necessarily requires approaching many major issues which come up in the GATT with a policy perspective that can only be achieved by the more active and regular involvement of Ministers.
3. In addition a serious shortcoming of the way the GATT has operated in the past has been the concentration on periodic rounds of negotiations as the main vehicle for effecting the trade liberalising objectives of the General Agreement. As the report submitted in February 1985 to the GATT Director-General, "Trade Policies for a Better Future", pointed out: "Comprehensive GATT negotiating rounds are not always the best instrument for multilateral trade negotiations. The Tokyo Round took six years to complete. Many trade policy issues, including some of far-reaching importance require more urgent attention and resolution than is possible in the framework of intermittent negotiating rounds".
4. More active Ministerial involvement in the GATT could be of substantial long term benefit to the effectiveness of the multilateral trading system through:
 - (a) encouraging greater conformity with GATT rules;

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(b) providing the political stimulus to resolve "deadlocks" in the GATT, e.g. on dispute settlement issues; and

(c) providing a mechanism for permanent negotiations on trade problems.

5. Other international economic organisations, e.g. the OECD and the IMF, already involve Ministers in their work to a much greater extent than the GATT. At least in recent years Ministerial involvement in the GATT has been at best sporadic. The 1982 GATT Session held at Ministerial level was the first such meeting for nine years. After such a gap a fully fledged Ministerial Meeting inevitably led to exaggerated expectations which could not be fulfilled. More regular Ministerial involvement in an appropriate form could turn the GATT into a more effective trade policy instrument.

6. It would be expected that there will continue to be Sessions of the CONTRACTING PARTIES at Ministerial level from time to time. However, more effective Ministerial direction of the GATT would also require a permanent Ministerial steering group. Such a steering group should be relatively small but should also be sufficiently representative of the wide spectrum of interests in the GATT.

7. In Australia's view the current GATT Consultative Group of Eighteen (CG.18) provides a practical model. The CG.18 is already functioning (albeit at officials' level) as an informal steering group for the GATT and enjoys a degree of acceptability. Its membership is limited (currently 22 countries) but widely representative of all economic and regional interests in the GATT. In recent years, some have expressed disappointment about the actual performance of the CG.18 not living up to earlier expectations. Elevating representation to Ministerial level would enable the group to operate as a genuine steering group in the way that was originally intended. One further advantage of the CG.18 formula is that it could also continue to meet from time to time at senior officials' level, for example, to properly prepare Ministerial sessions.