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## AUSTRALIA

Statement Circulated by The Honourable Tim Fischer MP,  
Deputy Prime Minister and Minister for Trade

Australia, as a medium-sized trading nation, depends crucially on the framework of fair and predictable rules of the WTO. These rules offer us protection from unilateral and arbitrary behaviour. They create a framework in which we can pursue market liberalization.

Australia sees this fiftieth anniversary as an occasion of great significance. It allows us both to reflect on our joint labours of the past half-century and to chart future directions for the WTO. Importantly, it allows us to take decisions on the leadership that the WTO must show in dealing with the challenges it faces.

The successes of the Uruguay Round were enormous. They were followed with major outcomes in the liberalization of trade in telecommunications, financial services and information technology goods. Dispute settlement activity continues apace, attesting to confidence in the processes of the WTO, although its complexity is creating concern among some Members about their ability to mount cases and therefore the system being effectively out of their reach.

### Challenges for the WTO

Despite these successes, the WTO cannot simply confine itself to refining the existing rules. This would be to stagnate, doing things that are of little interest to anyone except those learned in the rules of this or that agreement.

An international economic organization must have larger ambitions: it must respond to increasing globalization. It must respond to the genuine needs of the international business community. It must deliver real benefits to the vast group of people we call simply "the consumer". It must continue to make a major contribution to raising global living standards and providing sustainable jobs. The pace of developments means that organizations like the WTO are subject to the challenge of continuous reinvention.

It must also be able to respond to crises which may arise and ensure that the process of multilateral trade liberalization makes a positive contribution to solving these issues.

We must keep markets open in the face of challenges from the Asian economic crisis which will increase the pressure for structural adjustment in a number of Australia's close neighbours and challenge the wider multilateral system. We must demonstrate that the WTO, through the maintenance of open markets and the trade and investment liberalization it promotes, can make a solid contribution to the resolution of such problems.

Implementation of WTO commitments has been a difficult process for all parties, but especially for some developing countries. This Ministerial Conference rightly has, as one focus, the implementation of our existing commitments. Just as the Uruguay Round created enormous opportunities, the challenges have been to ensure the full implementation of the commitments so that we can deliver these benefits in full. Australia's position is clear. We recognize that technical assistance on implementation issues is essential. Australia has been active in assisting developing countries in its region in their implementation efforts and we stand ready to supplement those efforts. But the parties to the Uruguay Round entered into a binding undertaking to implement their commitments, within their various time-frames, and we see no compelling arguments to revisit the commitments or to question the results of the Round.

We must also rise to the challenge of demonstrating to the public what the WTO does and the benefits it brings. We must find ways and means, particularly at the national level, to ensure that all those with an interest in our work have adequate access to what we do, and why we do it. We need to explain and sell the message that an open multilateral trading system benefits all of us. In this connection, let me note with appreciation the recent study by the OECD entitled "Open Markets Matter". Its examples of the effects of trade liberalization and the costs of protection are very cogent. The Australian Government has mirrored these efforts at the domestic level with a number of publications and activities aimed at informing the community on the benefits of trade liberalization for Australia and the international trading community.

We should be clear, however, that the WTO is an intergovernmental organization which deals with legal rights and obligations. It must work effectively, and we should bear this well in mind as we look for greater transparency.

We must handle the trade policy issues raised by regionalism. We must recognize that the best solution for all lies in an acceleration of multilateral liberalization, not a resort to preferential treatment for smaller groups of countries. Regionalism can be a positive force. It can be used to promote and build more open and complementary markets and thereby strengthen the multilateral system. But it is a second-best solution. Therefore it is of concern that multilateral disciplines on regional agreements are weak and charge a small price for this derogation from the basic rule of the WTO.

Universality is a key issue. More than 30 economies have applied to become members. Joining the WTO is qualitatively quite different to joining most other global bodies. The acceding member not only has to demonstrate that it can administer the WTO agreements effectively. Accessions must be completed on terms that provide commercially viable access for existing WTO Members and ensure that the balance of rights and obligations enjoyed by existing Members is maintained. The accessions workload is a large one and the political investment on the part of both aspiring and existing WTO Members is substantial. But the goal of a smoothly-functioning trading system that conveys its benefits equally to all Members is crucial.

We must also deal with the expanding trade agenda, especially trade and environment, trade and competition and trade and investment. Trade rules already have direct impact on what hitherto have been regarded as domestic policy issues. There has long been a recognition that competition and investment regimes have an effect on market access. In relation to trade and environment we need to give high priority to improving dialogue and policy coordination at both the national and international levels. We must ensure that trade and environment policies are mutually supportive. We must ensure that future trade negotiations achieve substantial reforms to policies which adversely affect the environment such as agricultural and fisheries subsidies, tariff escalation and tariff peaks.

We are witnessing a revolution in the development of electronic commerce. Most of it is driven by business. Electronic commerce offers significant benefits to all trading economies, and the international

framework of principles and rules must be appropriate for its needs. Our task in the WTO is to assist the emergence of such a framework and to ensure that the WTO rules remain relevant to the way business is actually done.

#### Towards further negotiations

The WTO must show leadership in dealing with these challenges. It must respond to the concerns of the public and consumers, strengthen the rules needed by Members, deal with the rapidly expanding trade agenda and, crucially, assert the primacy of the multilateral trade system.

Australia believes that the best way to do this is through further, comprehensive multilateral trade negotiations. The mandated negotiations on liberalization in agriculture and services should be expanded, particularly to encompass liberalizing negotiations in industrial tariffs. The objective of the WTO should be to produce balanced market access gains that are in the interests of all members.

Australia is committed to the achievement of a fair and market-oriented agricultural trading system as sought by the Agreement on Agriculture. As the Cairns Group has stressed, the next negotiations on agriculture, which are an integral part of the Uruguay Round outcome, must result in fundamental reforms putting trade in agricultural goods on the same basis as trade in other goods. Export subsidies must be eliminated, with major cuts to domestic subsidies. Market access must be substantially improved with deep cuts to tariffs, tariff peaks and escalation and removal of all non-tariff measures, so that agricultural trade can proceed on the basis of market forces.

The General Agreement on Trade in Services requires us to enter into successive rounds of negotiations with a view to achieving a progressively higher level of liberalization of trade in services. The first of these rounds is due to start no later than 1 January 2000. World services trade is continuing to grow strongly as global economic integration is strengthening. Removing market access barriers must be one target. The successful outcomes of the negotiations on basic telecommunication services and those on financial services have established a good base for this aim. Additionally, we should always be conscious that a free flow of services also enhances merchandise trade flows. Australia will participate constructively and actively in these negotiations.

Tariff liberalization and improved market access are two of the fundamental reasons for the existence of the WTO. No system-wide negotiations in this area are as yet planned. Australia sees this as a significant systemic gap, since high tariff rates, especially tariff peaks, continue to obstruct international commerce. The GATT specifically recognizes the importance of tariff negotiations to the expansion of international trade. Australia is convinced that the multilateral trading system will benefit greatly from a further round of comprehensive tariff negotiations. We hope that it will be possible to reach early agreement on this and to supplement the mandated negotiations on agriculture and services through work in traditional as well as new areas.

Australia is convinced of the need for a comprehensive approach to future trade negotiations. This is the only way to ensure that the competing interests can be balanced, and that an optimum outcome can be achieved. The mandated negotiations on agriculture and services already constitute a solid core of future negotiations. So also do the mandated reviews in the different agreements coming out of the Uruguay Round. To these, we must add tariff negotiations as well as other areas that will make the global trading system more effective.

Looking back today, Australia takes pride in its own contribution to the multilateral trading system. We have been active and constructive participants over the past fifty years. We continue to have faith in the multilateral approach to trade which we believe is of enduring vitality. We look forward to continuing to play our part in upholding the principles that underpin the WTO.

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