

GENERAL AGREEMENT ON TARIFFS AND TRADE

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NEW ZEALAND: STATEMENT AT THE MEETING OF THE GATT CONTRACTING
PARTIES AT MINISTERIAL LEVEL, 15-19 SEPTEMBER 1986,
PUNTA DEL ESTE, URUGUAY

Over steak and red wine last night, I thought of the irony of half the world dieting and the other half starving. Of the Food Conference in Rome a decade ago - which said we would run out of food in the 80's. And now reflect that amongst those mountains of food, millions of people go to bed hungry, unfed, unhappy and locked out of this process.

There is a shortage of a sane food trading system, and some countries are too poor to purchase.

But, global agricultural output rose by a third during the period 1972 to 1985. Science and subsidies worked. In the 1950's 80 per cent of the Indian grain harvest was lost to rats and insects. That wastage is now 20 per cent. India will be a grain exporter as will all Asian countries if given the opportunity.

New Zealand creates food in a hungry world, not guns on a volatile globe. Thus the rules exclude us. Agricultural reform is in the interests of LDCs. Ours is a moral crusade not only one of economic self-interest.

A World Bank report states that the less developed nations will get the most benefit from agricultural liberalism. It is our self interest, but we are not totally self serving. Huge gains would also be made by the EC, Japan and the United States. They lose jobs by the current wasteful misallocation of resources. All done to lose jobs and make food dearer. We can prime the global pump by opening up trade in tropical products and agriculture. The international economy would benefit by US\$41 billion a year.

We all know a new round will cost us something. We have experienced in New Zealand the cost of change. New Zealand farmers are facing up to 50 per cent drop in incomes. Over the past two years we have taken some courageous steps to open up our economy and expose it to the winds of international competition. We have phased out already limited assistance to farmers; we have dismantled our import licensing system; we have removed controls on exchange rates and foreign exchange. The New Zealand farmer receives only 15 per cent of what a European farmer returns for the same product.

The protected, parochial and the privileged, the subsidized and self-seeking will try to stop the clock of history moving forward. But they risk not standing history still but turning the clock back to the 1930's.

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The cost of not starting a new clear round with all cards on the table would be unthinkable. The cost of not doing anything has given us insane surpluses of wheat, of butter, of beef.

The cost of not starting afresh; preserving what is good and fair in the GATT and building on the principle of fair and free rules and acknowledging the march of economic development will be too strong for some democratic economies to sustain. The cost of not starting will put unacceptable pressure on debtor countries and in turn the lender nations.

The developing and agricultural producing nations have legitimate grievances. Developing countries do not want economic aid, they seek simple economic justice - the Philippines, Thailand and others need to be able to market their products where they have a comparative advantage with the same rules and ease that the industrialized countries market their manufactured goods. To deny the economic rights of struggling developing nations is to choose a history where military aid will become inevitable. The majors must choose between fairness, freedom and progress or chaos and reaction.

There can be no political peace without economic justice. The double standards of a one-sided GATT that denies tropical agricultural produce fairness in trade and does not abolish subsidies, cannot be sustained. Subsidising agriculture and protecting markets is just a clumsy way of exporting social and political problems.

New Zealand's position is simple - we support the New Round; we simply state that food should be treated like any other product. We know that declarations and loud words will not solve the problem. We are all guilty in some ways.

Reason, not rhetoric, will make the progress we need.

Screaming at the problem will have the same effect as honking on the car horn in a New York traffic jam.

We are the problem, thus we are the solution. Time is short. We cannot endure another Tokyo round type timetable.

Negotiations must start this year. Serious, considered; in a mood of solution not stalemate where postponement is seen as victory.

It was President Reagan who said - If not us - Who? If not now - When?

Let us get it over with and sit down and fix what we know should be done in the next few years. Why does the obvious take so long? Perhaps because common sense is not that common!