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The historic action of launching the Uruguay Round of multilateral trade negotiations two months ago reflected a collective recognition by Ministers that to solve the world's trading problems there can be no individual solutions but only collective global ones, no enforced solutions but only shared ones. It also emphasized that in an increasingly interdependent world, trade policies of individual countries, particularly those of the major economic powers, vitally affect us all. They affect our ability to trade, our ability to restructure our own economies and our ability to service our debts. In this age where global shifts of economic power are occurring faster than one could have believed only twenty years ago, all our domestic actions have to be seen in a global perspective. For smaller trading nations like Australia, our own efforts will be ineffectual unless the major trading powers are responsive to the need for change, growth and liberalization of trade.

We have before us, therefore, a joint endeavour - to engage as quickly and as comprehensively as possible in the Uruguay Round of Trade Negotiations, to meet the challenges of change and develop an even more open, viable and durable multilateral trading system.

The imposition of the four-year negotiating deadline is in itself a measure of the urgency that is attached to the need to overhaul, to improve our GATT system, to reverse protectionism and provide the means for further trade liberalization and growth in the world economy.

For Australia, our endorsement of this sense of urgency is unequivocal. In the last financial year Australia's overall terms of trade declined by 10 per cent and a further drop of eight per cent is in prospect for the current year. The resultant current account deficits, a 30 per cent devaluation of the Australian dollar against the United States dollar and a corresponding increase in our foreign debt, have severely affected the real living standards of Australians and also the Government's capacity to effect improvements in Australia's industrial structure.

The Australian economy remains internally robust and the depreciation has given an enormous boost to our international competitiveness. Nevertheless, we have had to curtail our previous four to five per cent rate of economic growth in order to restrain import demand. Australia is

not afraid to face up to the necessary adjustments to adverse external developments. We are taking the necessary measures both in our macro-economic policies and in our trade and industry restructuring policies.

We expect to trade our way out of our current account difficulties, and the policy framework we have developed amply demonstrates our will to adjust to changing circumstances.

The ability of Australia and other small trading nations to do so quite clearly depends upon the collective endeavours of the international trading community in making the world trading system more responsive to contemporary world trading needs. It particularly brings home the responsibilities of the major trading powers in ensuring that measures inhibiting and distorting the process of change, growth and liberalization are removed.

The simple fact recognized by GATT contracting parties and even countries which are not members of GATT is that world trade, be it trade in wheat or computer chips, is increasingly affected by import barriers or other market distortions such as subsidies or market management arrangements.

While few if any countries could claim that their slate on protectionism was clean, it is also true that the actions of the major trading nations do have the most impact.

The budget cost of all subsidies provided by the European Communities, Japan and the United States, for example, to their farmers is staggering - US\$76 billion from their combined national coffers in 1986. If consumer transfers and all other forms of support are added to all this, then the total cost of subsidies for the three majors is of the order of US\$200 billion.

Ultimately, our export-dependent agricultural sector is reliant on reform of the world trading system. The need to do so is clearly acknowledged in the Uruguay Declaration and is of vital importance to Australia and other agricultural fair traders.

Of course the distortions in production and trade which are present in agriculture are also seen in other sectors, from textiles to steel as well as the newest high-technology areas. In each case it is the major trading nations which must accept responsibility for constructing many of the trade barriers or trade-distorting measures and certainly those with the most impact.

The logical extension of the contribution of the majors to the distortion of world trade is the proposition that their efforts towards trade liberalization and the removal of distortions will also have the most impact. Any early action by the majors to this end would clearly have a

salutary effect on world trade and also demonstrate that commitments can and will be translated into practical measures.

Of course, this does not absolve other countries from paying their dues, but it will probably hasten the efforts to reach into their pockets.

Over the next few weeks we must work to put in place the mechanisms which will allow us to engage quickly in the substantive phase of negotiations across the whole spectrum of international trade.

We must continue, however, to bear in mind our ultimate purpose. The content of detailed negotiating plans and the nature of the surveillance mechanism are unquestionably important, but let us not forget that they are a means to an end.

At the same time, there are problems in trade which will not await the outcome of the Uruguay Round for remedies. It is vitally important that we do all we can to support and reinforce the existing GATT processes during the negotiations.

The agenda, the priorities and the urgency are clear. Australia is prepared to engage in the substantive process of negotiation quickly and comprehensively. We hope that the spirit of collective endeavour so evident at Punta del Este continues to support us in this process.