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PROGRAMME FOR THE EXPANSION OF INTERNATIONAL TRADE

Statement by the Representative of Australia
on 10 November 1967

My delegation would wish to be associated with previous speakers who have commended the initiative of the Director-General in placing this item on the agenda. We are in full agreement with the idea that the concluding stages of this session should be attended by Ministers or very high-level representatives, in view of the basic importance to GATT and to the future prospects of world trade of this particular item of our agenda.

It follows that the Australian Government will be represented by an appropriate senior Minister during the concluding days of the session.

In thinking about the discussion of this particular item we have had the benefit of the very penetrating statement made yesterday by the Director-General. Many of us have also had the benefit of the informal discussions which took place earlier this week. Speaking at this stage in the day, I have the additional benefit of having heard a number of very comprehensive statements by other representatives. This enables me to confine myself to three or four particular points and to avoid the temptation which one always has, on occasions such as this, to recount all the problems in particular sectors of world trade.

The proposals put forward by the Director-General encompass three main areas. At this point of time, I do not wish to say anything in respect of the proposals concerning industrial trade or the proposals about the trade problems of the developing countries. This does not, of course, mean that we are indifferent to the kind of programme which the contracting parties may see fit to launch in relation to these topics. On the contrary, we are directly involved in many aspects of them. But I would prefer to attempt to make whatever contribution my delegation can make to the formulation of programmes under these headings when we have a drafting or working party stage further along the line, and when we have had the benefit of a greater range of ideas from representatives of countries whose trade interests and trade problems fall more directly under those headings than is the case with Australia.

What I want to say involves almost wholly the Director-General's proposals in respect of agriculture. This is not just because the content of Australian exports is predominantly agricultural. The justification for attempting to

devise measures in respect of agricultural trade derives from some very basic facts which are well known to everyone. Yesterday, Mr. Chairman, in your own very useful opening remarks you pointed to the fact that over a period of years between 1953 and 1966, trade in primary products expanded by only 86 per cent which was very far behind the expansion of trade in manufactured goods of something around 240 per cent. The Director-General in his statement referred to a number of both long-term and short-term problems confronting international trade in agriculture. Earlier in the week, I mentioned that an analysis of concessions granted in the Kennedy Round by the major countries, accounting for something like 80 per cent of all the concessions made, shows that \$4 worth out of \$5 of manufactured goods imported by those countries benefited from Kennedy Round action, and only \$1 worth out of \$5 failed to have conditions of trade improved. On the other hand, in the case of agricultural goods, only \$1 out of \$3 benefited in any meaningful way and there was no improvement at all in respect of \$2 out of every \$3 of trade.

I am not, of course, suggesting that there is anything necessarily sacrosanct about statistics of this kind. There are all kinds of reasons to explain why the expansion in manufactures could be greater than the expansion in primary products. I do not know and I don't think it particularly matters what might be regarded as an optimum relationship in rates of growth. But it is in the interests of everyone, not just the exporters of primary products, that this increasing disparity in rates of expansion should not be allowed to widen, if it is within the capacity of the GATT to prevent this. Although I speak from a position of obvious self-interest, we all know that the extent to which countries such as my own are able to expand exports has a direct bearing on rates of economic growth and, in turn on their capacity to provide expanding and fruitful markets for our trading partners. So this is not a question of one group of countries against another group. It is a question of a mutuality of interests.

This disappointing record, in the field of agricultural trade is only partly due to the reason that is frequently quoted, namely that the problems in agriculture are very special, very complex and very difficult. The major lesson from the Kennedy Round, and the lesson to which the Director-General has drawn attention on more than one occasion, is that because the problems are complex, the negotiating techniques to improve the conditions of trade are all the more difficult to devise. There is both a need and an obligation for the GATT to put in hand the great deal of exploratory work and analyses which is required if the next round of negotiations, whenever they may be, are to be as effective as possible.

In the discussions earlier this week, there seemed in some quarters to be some misgivings that if the GATT were to lay down a programme directed towards the expansion of agricultural trade, governments may be hustled into accepting a commitment to negotiate in a major way before they are ready to do so for legislative or other reasons. When we talk of a programme of the kind which we would hope the next week or two will permit us to prepare for consideration by Ministers, we are thinking of a programme of patient and detached exploration, but with the clear idea that a time will come when meaningful negotiations are possible. But except in respect of dairy products, about which my colleague has already spoken, we are not contemplating the launching in the immediate future of a series of actual negotiations.

We all have a disposition to agree that "something should be done". It is, of course, much more difficult to say precisely what should be done. As I see it the real task of the session is to determine whether we can elaborate with as much precision and as much definition as possible the areas of work which can profitably be commenced at this point of time; the time schedule we have in mind for carrying out this work; and the best kind of GATT machinery to enable the work to be done. There will no doubt be divergent views and much discussion about the various alternatives. It may be helpful if, at this very early stage, I were to indicate at least some of the things which we think ought to go into a programme for the expansion of trade, so far as it relates to the agricultural sector.

We envisage, Mr. Chairman, that there will be some kind of resolution of the CONTRACTING PARTIES at the end of this session which will provide the authority for work which then would be done under the direction of the Director-General and within appropriate subordinate bodies of this organization. If that is the kind of thing which we are aiming for, we believe there is a need to have a preamble which states a few fairly simple but nonetheless basic facts. Ministers meeting at this point of time cannot do other than recall what their objectives were on agriculture in 1958, and as elaborated in 1963 when the resolutions setting up the Kennedy Round were passed. However this might be expressed in the language of a Resolution, the essence of it, I believe, is that Ministers then had the clear determination that the GATT should work towards the creation of what in the jargon was called "acceptable conditions of access" for agricultural products. We envisage that, having stated this earlier determination, it would be honest for the GATT to frankly acknowledge that, in the field of agriculture, the objectives are still a long way short of attainment. In particular, it should be noted that, in certain areas of the Kennedy Round, negotiations which were commenced and on which a lot of work was done in fact produced no result. Picking it up from there, we would expect that the CONTRACTING PARTIES would explicitly reaffirm that it is still the aim of the GATT to pursue the objective of acceptable conditions of access, even though the pursuit is necessarily pretty slow.

We believe it necessary for the CONTRACTING PARTIES to make a reaffirmation of this kind, particularly when there may be a natural tendency to slip into complacency in the light of the overall success of the Kennedy Round. It is good for the GATT as a whole to demonstrate that it is not frightened to accept the less palatable aspects of its endeavours, as well as to take credit, quite properly, for many quite massive achievements. This is the kind of preamble we hope Ministers would agree to, before setting down appropriate procedures to continue the pursuit of the basic objective which, we believe, must still be pursued.

What kind of procedures should be established? The Director-General has suggested a reactivation of Committee II, for instance, to serve as some kind of an umbrella. We do not challenge this. It may be, however, that for one or another reason, some other kind of institutional setup may be desired. Our own position on this is quite open and fluid but what we are most anxious should emerge is a clear will on the part of the CONTRACTING PARTIES to establish whatever is the best working machinery to permit to be done the work which we think ought to be done.

What are the tasks which we believe ought to be done? The Director-General has suggested what might be described as a bringing up to date of some of the basic work which Committee II performed so well in its earlier years. In other contexts during this meeting, reference has been made to the need for a compilation of an inventory of non-tariff barriers. In the case of agricultural trade, of course, the GATT Committee II did a pretty workmanlike job in this field, and I believe that as a service function, quite apart from programmes of expansion of trade, there is a need for the GATT to have the machinery to keep that material up to date. But this only provides raw material for other necessary work. Our United States colleagues, earlier this week, foreshadowed that they would be proposing certain other studies which also, as I understood them, had the objective of assembling essential raw material for subsequent negotiations. Until we have the benefit of seeing in more detail the kind of studies which the United States are proposing, I cannot commit myself fully, but we will certainly look sympathetically at purposeful studies of the type outlined.

In our view, it is necessary also that the outcome of this session should provide the authority and the direction for discussions directly related to future negotiations. Let me give two examples of what we have in mind. Earlier in the week I suggested that the montant de soutien concept which occupied a lot of time in the Kennedy Round negotiations was exactly the kind of thing which, with patient analysis and work in an atmosphere not beset with the tensions of an actual negotiation, could lend itself to very useful and perhaps very widespread application in contributing towards the basic objective of moderating protective forces of one kind or another. I still believe this to be so. I was not sure whether the remarks of our colleague from the Community this afternoon meant that this concept was no longer a "runner". I would certainly hope this is not the position. Whatever harsh words may have been said in the Kennedy Round about the concept, I think anyone with any experience in this field gave the Community great credit for the intellectual effort behind this particular device. I certainly would hope that the concept would not be allowed to die now that the Kennedy Round books are sealed off. The second job which should be tackled well before actual negotiations relates to the market disruption problem. We talked earlier this afternoon about the United States waiver in respect of their agricultural trade. In many other countries, imports of agricultural products are restricted by quotas or equally difficult barriers. I believe that, at least in some

cases, importing countries could better face up to liberalizing quotas and improving access to exporting countries if there were less apprehension that marginal values of imports would disrupt the internal price structure. My Government has engaged in negotiations with several individual countries to try to see whether that kind of fear and timidity could be lessened and whether the access for imports could be improved if a system were devised under which exporting countries could co-operate in avoiding disrupting internal prices. In the context of an actual negotiation of the Kennedy Round type, it is virtually impossible to explore possibilities of this kind, but we think they must be explored.

There are other practical problems of this kind which sooner or later somebody has to tackle and, in our judgment, there is no better body, and in many cases no other body, than the GATT to do it.

Whether or not the particular problem of the immediate short-term dairy situation is brought under the kind of resolution I envisage flowing from this agenda item, or whether the necessary machinery is set up as a separate decision of the CONTRACTING PARTIES under some other item, does not much worry us. From what my colleague said earlier, it will be clear that one of the specific and positive things which needs to emerge as a decision of this session, is the establishment of machinery to make a real effort to get the present chaotic dairy products situation under some form of control.

I have been bold enough to give our preliminary thinking about machinery and procedures fairly early in the piece because I feel that the nature of the problems we are attempting to deal with in the field of agriculture have been threshed around a good deal. For my part, I would hope that it will be possible to get the necessary exchanges of view in sufficient detail and in sufficient precision, and sufficiently early, to enable us to get on with the job of laying out a draft decision of this session which Ministers can consider and which, if adopted, will provide the essential groundwork for a further round of substantive negotiations.