

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Views Submitted by Delegations

Addendum

AUSTRALIA

The following communication, dated 4 July, 1974, has been submitted by the delegation of Australia.

ANALYSIS OF CHANGES IN WORLD AGRICULTURAL MARKETS

Australian View

Fluctuations in supply and prices are not new phenomena in world agricultural trade. The main feature of world export prices of agricultural commodities compared with manufactured exports prices over the last twenty years is a more or less steady erosion in the terms of trade which has only been arrested in the last two years. Many of the influences affecting world agricultural production are of an episodic or cyclical nature. In analyzing changes in past years and in seeking to identify the problems for world markets and their significance for an approach to negotiations in the agricultural sector the Australian delegation considers that detailed consideration needs to be given not only to actual changes in production, consumption, and prices and in the level of trade but also the underlying causes of instability whether short term or longer term.

Australia has been responsive to a situation of world shortage in recent years through diversification and increased investment particularly in the livestock sector. The Australian Government took account of representations from importing countries of the need to expand exports and their expectation that trade would increase at a steady pace. The situation at the present time is far different from that of only a few months ago. Two of the major markets for Australian beef exports have been effectively closed on an indefinite basis. These restrictive measures have been imposed without prior consultation between the countries concerned and exporting nations.

A major conclusion drawn by the Australian delegation from the consideration of these matters is that lack of secure access to markets will have a serious impact on the longer term development of agricultural export industries and will adversely affect the generation of necessary investment. Any approach to the multilateral negotiations should cover shortage and surplus possibilities equally.

In order to achieve stability with growth in world agricultural markets and trade the Australian delegation supports the negotiation of the level of protection for agriculture along with the framing of internationally agreed guidelines on aspects of national policies affecting international trade in agriculture and the negotiation of long-term international or bilateral commodity agreements for appropriate commodities. Where commodity agreements are not an appropriate or practical solution in relation to the problem of greater stability effective means of international liaison and consultation should be developed.

Negotiated measures may need to be implemented through national policies or through international action or a combination of both to achieve greater long-term stability in world agricultural trade on both the supply side and the demand side.

Whilst the circumstances of individual commodities vary Australia considers that there are a number of questions which suggest themselves in seeking to identify the problems for world markets and their significance for an approach to negotiations.

- (a) What scope exists for national or international measures by both exporting and importing nations to counter short-term fluctuations in supply and demand.
- (b) What scope exists for national or international measures to reduce the likelihood of chronic shortage or surplus in the longer term.
- (c) What scope exists to establish mechanisms to reduce fluctuations in domestic and international prices and to maintain prices at levels that are remunerative to efficient producers and fair to consumers.
- (d) In association with action to provide a framework for a more stable and growing world market for agricultural products how can existing trade barriers be reduced or removed and the imposition of new barriers of either short or long-term character avoided.

- (e) What steps are open to be taken regarding other measures or mechanisms which may cause instability in international agricultural trade.
- (f) Where more formal arrangements or more highly developed solutions are not appropriate or practical is there a consensus in favour of developing effective means of international liaison and consultation.