

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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STATEMENT BY AUSTRALIA

The following statement is being circulated to the Negotiating Group on Agriculture at the request of the delegation of Australia.

PRINCIPLES TO GOVERN WORLD AGRICULTURAL TRADE

1. When the idea of considering the basic principles to govern world agricultural trade was originally proposed, we had some reservations about its value. It has always been our view that we should move as quickly as possible into the substance of negotiations
2. We recognise that the Negotiating Plan for Agriculture calls for consideration of the basic principles to govern world agricultural trade.
3. The Negotiating Plan does not call for any agreement or consensus on principles. Indeed to the extent that many principles can be seen as leading logically to specific proposals, a negotiation on the minutiae of individual principles would be unlikely to be productive.
4. On the other hand the last few years have seen a quite remarkable convergence of views on the basic problems in agriculture and how they should be dealt with. This sea change has been particularly marked amongst industrialised countries. While in our view some of these still have a way to go, we see countries essentially accepting conclusions on the action urgently required for agriculture which would have been rejected out of hand just a short while ago.
5. Australia has been discussing with other fair trading countries how best to handle this aspect of this Group's work programme. This is the opportunity for countries to set out basic positions. These are the positions from which our proposals will be launched. They are also the positions from which we shall need to view and evaluate other countries' proposals for meeting the Negotiating Objective for agriculture in the Uruguay Round.
6. The question of principles can be approached from a number of angles. All of these can give rise to semantic questions of whether they are, for example, long or short term, true principles or in reality approaches, bedrock positions or negotiating tactics aimed at a possible consensus, and so on.
7. The approach that we were attracted to is a combination of first setting out fundamental principles and then going on to discuss the approaches needed to implement such principles.
8. If the problems of world agriculture are to be dealt with effectively, then:

International trade in agriculture must be based on the comparative advantage of agriculture in each country.

In the longer-term, agricultural trade should be based on the following fundamental principles.

Firstly, Government policies should secure the elimination of distortions and adverse impacts caused by government intervention in international trade in agriculture. Accordingly,

agricultural exports should not be subsidized, and domestic markets should be open to effective competition from imports and provide secure and predictable access and opportunities to compete.

Secondly, national markets in agriculture should be fully exposed to the influence of international market prices.

Thirdly, the provisions of the General Agreement and related instruments should not distinguish between agriculture and other sectors of trade. Existing special provisions for agriculture should be eliminated.

9. It is recognised that the principle of differential and more favourable treatment embodied in the GATT and related instruments as well as in the Punta del Este Ministerial Declaration apply both to the GATT and these negotiations.

10. The fundamental principles are the measures of the extent to which we will have succeeded in achieving the objectives set out by Ministers at Punta del Este. In our view these are the primary principles which should shape agricultural trade when the process of reform has been completed. They are the benchmarks.

11. In approaching the negotiations there are certain other approaches which should shape work in this Round.

12. In the first category there are approaches which need to be adopted to ensure that the wind back of protectionist measures is an essential part of the negotiations from the outset. Accordingly approaches to the negotiations should include substantial phase down of:

- market access barriers to trade in agriculture, and
- all support subsidisation and other measures which have a negative effect on world agricultural trade.

13. Effective implementation of the fundamental principles set out earlier also require adoption of a second category of approaches during the preparation, negotiation and implementation of agreements:

- (i) agricultural income support measures should be separated, wherever possible, from producer prices for farm output;

- (ii) the gap between administered internal prices and international market prices should be progressively reduced;
- (iii) sanitary/phytosanitary regulations should not operate as disguised barriers to trade;
- (iv) all measures negotiated should have the effect of predictable and progressive liberalization;
- (v) liberalization and adjustment of agricultural policies would be most effectively achieved by being conducted on a multilateral basis and should in any case encompass all agricultural products;
- (vi) any short term or transitional measures should be consistent with and contribute to the achievement of the Negotiating Objective for agriculture;
- (vii) countries with structural surplus stocks should adopt measures which, in containing and reducing them, would avoid disruption of and adverse impact on world markets.

14. We do not expect agreement today to the fundamental principles we have set out. However we do not think it is unreasonable to suggest that our partners in these negotiations should accept our fundamental principles as those which must desirably shape a reformed global regime for trade in agriculture.

15. We do believe that our partners in these negotiations should adopt the approaches which we have set out as guiding the three phases of the negotiations - the preparation of proposals, the negotiation of them and implementation of agreements.

16. As I said at the outset we do not propose that this Group now set time aside to negotiate common principles or approaches to the negotiations.

17. We would hope however that there can be some convergence of thinking. Indeed if the results of these negotiations are to fulfil the political commitments of our Ministers at Punta del Este, then there must be a convergence, be it explicit or implicit, of different approaches as we travel along the negotiating curve through proposals towards a final outcome from the Uruguay Round.