

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Statement By Australia

I would like to welcome, on behalf of my Government, the initiative of the United States today in being the first delegation to table a proposal in the Agriculture Negotiating Group. The United States action is significant because it marks an important step in the transition of the work of this Group, from the setting of objectives and principles to actual engagement in the negotiating process. This is a step which we applaud.

We have made important progress in a relatively short period of time.

Certainly when we agreed the Ministerial Declaration at Punta del Este an extremely important step was taken.

The Declaration mandated us to aim at achieving greater liberalization of trade in agriculture and to bring all measures affecting market access and export competition under strengthened and more operationally effective GATT rules and disciplines.

We were mandated not only to improve access through the reduction of import barriers, but also to impose increased disciplines on the distortive effects of all direct and indirect subsidies with a view to phasing them down.

This in itself was recognition of the magnitude of agricultural trade distortions, the depth of the crisis and the impact on all our economies.

For many of us quite severe balance-of-payments problems have emerged - and the debt problems particularly of developing countries have been exacerbated.

For others, recognition of the problem has taken the form of growing budget subventions, unfair imposts on consumers and harmful distortions in resource allocation.

Since the launch of the Uruguay Round there seems to have emerged a new preparedness to be more outward looking - to recognize the global impact of national policies and their interdependence; and a new willingness to face the hard issues despite very real domestic political imperatives.

This willingness was demonstrated by the industrialized countries in a far-reaching declaration at the OECD Ministerial meeting two months ago which addressed the need for agricultural reform. They emphasized first that the long-term objective is to allow market signals to have greater influence on production by progressive and concerted reduction of agricultural support.

Australia fully endorsed this view. After all, it had been a central focus of the proposals made by Australia's Prime Minister, Mr. Hawke, at Davos in January last.

Other important elements common to the approach advocated by Australia and that adopted by OECD Ministers are that:

- farm support should be provided through direct income support rather than through price guarantees or other measures linked to production; and
- actions should be avoided which would stimulate production in surplus agricultural commodities, and countries should act responsibly in disposing of surplus stocks and refrain from confrontational and destabilizing trade practices.

The approach of OECD ministers was further reinforced when it received the endorsement of the leaders of the major industrialized countries at their summit meeting at Venice in June.

In sum there has developed an overwhelming body of agreement on the need to address urgently the issue of agricultural policy and trade reform and:

- the recognition that agricultural support policies in the industrialized countries are at the root of the problem for many commodities.

Australia therefore welcomes this ambitious, far-reaching and innovative proposal put forward today by the United States. It embraces the key elements which have been responsible for the distortions which we are witnessing in world agricultural markets. It gives promise of a world trading environment for agriculture in which comparative advantage would be allowed to play a central rôle and where distortions can be removed during a definite time frame.

If we could agree to such a definite timetable during the course of the negotiations this would result in a revolutionary change to the world agricultural trading order. Of course, given the magnitude of the crisis in some agricultural products, it would be desirable to undertake measures to alleviate the problems in advance of the ten-year phase-out period, interim measures which could perhaps be incorporated into the final result.

The suggested use of an aggregate measurement tool against which progress to reduce barriers and subsidies can be assessed is an innovative and challenging one which deserves close consideration.

Of course, there are some elements of the United States proposal which will cause difficulties for other parties to the negotiation.

For example, from an Australian perspective, the product coverage suggested by the United States would require careful consideration. The proposal to harmonize health and sanitary regulations also seems to go beyond the ministerial mandate. However, the issue here is that various national priorities need to be taken into account. All issues are on the table. This is what the negotiation is about.

We are willing and ready to fully explore these issues and the opportunities for comprehensive reform which the proposal and its underlying approach hold.

In this examination a key element for us will be to assess the degree to which the proposal is capable of meeting the fundamental principles identified by Australia at the May meeting of this Group, following close consultation with other fair-trading countries.

In particular we must be satisfied that any approach, or combination of approaches, can effectively contribute to achieving a situation where international trade in agriculture is based upon the comparative advantage of agriculture in each country. (This appears to be the underlying basis of the United States proposal.)

We will also be guided by the basic objectives for negotiations elaborated by Cairns Group Ministers in Ottawa late in May, namely:

- inclusion of all measures which adversely affect trade in agriculture
- a rapid and substantial reduction in those levels of support for agriculture which distort the international market place
- establishment of new GATT rules or disciplines to ensure the liberalization of agricultural trade
- agreement on specific measures for the phase-down of market-access barriers to trade in agriculture, and subsidization and all other measures which have a negative effect on world agricultural trade
- agreement on principles to prevent disruption of world markets in the course of containment or reduction of structural surplus stocks

- application to negotiations on agriculture of the principle of differential and more favourable treatment for developing countries as embodied in the GATT and related instruments as well as in the Punta del Este Ministerial Declaration.

We will also be looking to meet the aim enunciated at Ottawa that negotiations should proceed at such a pace that, by the end of 1988 (as part of an early harvest package), agreement is reached on an international programme to reform and liberalize international trade in agriculture.

In addition, given the continuing disastrous state of trade in many agricultural sectors, we will be wishing to explore the scope for interim measures which will provide early relief - in advance of implementation of any agreement.

One conclusion we draw from discussions with other fair-trading countries is that the United States initiative in tabling innovative proposals is welcomed and is seen as a significant step in the move to substantial negotiations in this Group.

Australia sees in the proposal outlined by the United States delegation, the potential for considerable progress to be made in this Group this year.

We look forward to comprehensive proposals from others.

We are ready, with others in this Group, to join in the negotiations to find the best mix of proposals to solve the problems facing world agriculture. The United States initiative today gives us a basis to quickly engage in this task.