

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Trade Negotiations Committee

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AUSTRALIA

Statement by Mr. Michael Duffy, M.P.  
Minister for Trade Negotiations

I wish to congratulate the Government of Canada for the arrangements which it has made for the staging of this important meeting.

Speaking at this stage in the meeting, there is no need for me to point out why it is so vital that the Uruguay Round succeeds and that clear evidence of progress should emerge at this mid-term review. The reasons have been emphasized by many participants.

Successive speakers, ranging from representatives of major industrial powers to small developing economies have noted the importance - for individual members and the world economy as a whole - of securing further and broader liberalization of trade and strengthening the GATT system. I agree with the remarks made yesterday by Thailand, speaking on behalf of ASEAN, containing as they did a balanced account of the issues.

Many speakers have noted the dangers which would confront us all if this multilateral endeavour failed. World trade would fall increasingly under the influence of protectionist pressures. This would encourage increased resort to bilateralism and the development of inward-looking trading blocs.

I can assure you that these dangers are no less evident to my own country. It is in full knowledge of them, that we in Australia have committed ourselves to working for success across the wide range of topics covered by the Uruguay Round.

But my experience of some of the committees' discussions yesterday and today do not seem to reflect the gravity of the position.

Real progress in this Round requires that governments demonstrate willingness to confront the need for change, to take hard decisions and to set in motion the policy reforms which will result in an improved trading world in the years ahead. In this regard, governments will ultimately be judged by their deeds and actions, not by declarations.

While they help shape the domestic and international policy environment, no amount of rhetoric and fine words can substitute for positive action.

It is from this perspective that I found little cause for optimism in the documentation submitted for our attention at this meeting. A number of the proposals for decision are of course welcome and should serve the interests of us all: naturally, therefore, I welcome the prospect of improvements in dispute settlement procedures and other reform elements which will enhance the functioning of the GATT system. I see particular value in the introduction of a trade policy review mechanism.

Since coming here, I have also been pleased to learn of the progress made in finalizing a package of commitments which will liberalize market access conditions for a wide range of tropical products.

However, when I look at other areas of the market access negotiations I find only vague indications - not real evidence - of progress in further efforts to overcome non-tariff barriers. Given that non-tariff barriers means virtually every form of protection of importance in the world's largest markets, is it enough progress, after two years of negotiations, to be deciding only that we need to see substantial reductions in these restrictions?

The recommendations arising out of the negotiations on natural resource-based products indicates a failure so far to address the issues. This is an area where there are major distortions of trade - particularly in energy products - which are grossly unfair to efficient producers and detrimental to consumers, particularly in the industrialized countries. The opportunity presented by this Round to reduce these barriers over the remainder of the Round must not be let pass.

I wish to round off my remarks by drawing attention to three specific problem areas of the negotiations: services, intellectual property and agriculture.

Australian industry and government place a high value on the potential for a multilateral framework of rules for services trade. We would also strongly endorse efforts to ensure better protection of intellectual property rights in trade. This is a natural evolution of our strong interest in, and support for, the multilateral system and of our developing industrial structure.

It is important, therefore, that we do not let the opportunity of this mid-term review pass without taking some steps towards final agreement on these issues over the next two years.

Without these interim decisions we run the risk of not reaching any final agreement at all. We should not ignore the areas of agreement that have emerged especially on the key concepts, familiar from GATT, which we

can see are also likely to apply to services trade and to intellectual property protection. The decisions we can take here in Montreal will probably be only the first few steps on what is likely to be a very long climb to fair trade rules in these areas. But it is much better to take the steps a few at a time than to try to jump a whole flight of stairs at once in 1990.

Agriculture is an area of vital interest to Australia and its Cairns Group partners. I do not believe that anyone here would seriously deny the fact that progress on this subject will have a major bearing on the mid-term review - indeed, overall prospects for the Uruguay Round.

The negotiation on agriculture is currently stalled on a fundamental issue: whether the long-term goal of agricultural trade liberalization is the elimination or reduction of trade distorting support and protection. Australia, and its Cairns Group partners, support the goal of elimination. We hope that this is an objective which can be agreed here in Montreal.

However - if it cannot be endorsed here, then evidence is required that the major subsidizers are prepared for substantial, binding, long-term liberalization. We require a sound framework for negotiations on the long-term elements of agricultural reform.

Decisions are also needed to implement initial reform measures. We have proposed that these should take the form of an immediate freeze, followed by reductions in trade distorting agricultural support in the period to the end of the Round.

The prominence of agricultural trade in the Uruguay Round agenda reflects international recognition of the problems caused by inappropriate domestic policies and the trade distorting impact of support and subsidization, particularly as practised by the major industrial countries.

If the causes are known and the need for concerted international action is widely recognized, why can we not take decisions here which will arrest and begin to reverse those damaging policy elements? Failure to do so will be read by the world as portent of failure to address the wider issues of this Round, and of the multilateral trading system itself.

I believe the GATT system is in jeopardy if it fails to deal effectively with the agricultural problems that have plagued it for forty years. If we see no progress in agriculture here in Montreal there can be little confidence in plans for its extension into areas of new endeavour.

As I have noted, this Round of negotiations is the best hope we have for success in achieving more open trade and a more effective international trading system. It is important that we should be able to leave Montreal in the firm belief that we are firmly on course to achieve both those goals.