

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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NEW ZEALAND

Statement by Hon. Mr. Philip Burdon,  
Minister for Trade Negotiations

This week in Brussels we face a crisis of serious proportions. We have a grossly over-loaded agenda. We have a mass of documentation. There are some 2,500 delegates and advisors present. We have six days at our disposal. We face a formidable task if we are to succeed.

A failure, however, after four years of preparatory negotiations, would send a dangerous message around the world.

The message would be that major trade policy problems cannot be resolved through international negotiation.

That would be quickly understood by domestic legislators everywhere from Brussels to Washington to Tokyo. The media, financial markets and other people who shape opinion would get the message.

Nor would it be lost on the special interests opposing change. We all have such lobbies in our capitals. Perhaps one of those lobbies - the European farmers demonstrating in this city - would go home happy. But I wonder how long that would last.

We launched the Round in 1986 for two reasons. First to combat protectionism. Second, to construct a GATT that would deal with old unresolved problems - textiles, agriculture - and the new issues such as trade in services and intellectual property.

If we fail this week, trade policy is not going to stop in its tracks. Nor will the GATT die. Rather, the real risk is that GATT will become irrelevant. For some years to come, people will understand that if you have a problem - do not take it to the GATT.

The largest trading entities - the EC and US - will look after themselves. Perhaps they will find an uneasy accommodation, after they have explored the possibilities of retaliation to solve their own disputes. But where does it leave the rest of us? Where does that leave most of us?

Each country has to ask that question this week. We in New Zealand have asked ourselves that question. In the event of either a failure or a

cosmetic result, the answer we come up with is very bleak. For New Zealand, the GATT negotiation this week is nothing less than the most important international negotiation in which we have participated.

It is crucial to our economic future. The issue goes beyond the farming sector, which still provides by far the greater part of our export earnings. We have in New Zealand over 200,000 people unemployed. For a country the size of the United Kingdom or France that would be equivalent to some three million unemployed. Given time, we can solve that problem. But not without the opportunity to compete in this world.

The seriousness with which New Zealand treats the need for change is amply demonstrated by the unique nature of our delegation in Brussels. I will be joined this week by the Prime Minister and the Leader of the Opposition in a united attempt to convince anyone who may still need convincing that the alternatives to progress - restrictive trading blocs, trade wars - are in no-one's interests.

Throughout the 1980s, successive New Zealand governments have lowered protection and removed inefficiencies. Early moves to reduce import licensing gave way in 1982 to a comprehensive programme of liberalization with Australia. The abolition of all remaining quantitative restrictions on a global basis and dramatic lowering of tariffs was the next step. We have effectively removed all agricultural subsidies. It is a familiar theme these days. You will hear the same in Buenos Aires, Jakarta and Budapest.

The question for us and all countries trying to pursue a reform programme is the following. We have done what we can to remove our own inefficiencies, is there a place in this world for what we can export efficiently?

We are about to begin yet another cyclical downturn in international farm prices. That downturn will be made deeper and more protracted by closed markets and export subsidies. As things stand, we - and countries like New Zealand - have to bear the full brunt of this adjustment. The closed markets and export subsidies of others pass the cost directly onto our farmers and our economy.

The state of New Zealand's largest export industry - the dairy industry - is a classic and said example. Because of these policies, the survival of what is the world's most efficient dairy industry is at stake this week. Our dairy farmers - like all our farmers - receive only what the world market pays them.

Their income was cut some months ago by 30 per cent. Indeed, it has been cut even further since then. But 30 per cent is an interesting figure.

But this was not 30 per cent spread over ten years, as some countries are proposing. This was a 30 per cent cut in their returns made in one day: immediate and direct. So if certain countries later in the week wish

to emphasize the pain involved in adjustment, you will forgive us for being a little quiet on the subject.

This state of affairs has to change. It has to change for New Zealand dairy exporters, for Argentinian beef exporters, for Thai rice exporters and for all farmers around the world in developed and developing countries in a similar situation. It has to change in the name of efficiency. It has to change in the name of fairness. We need a positive answer to this negotiation. Brussels must initiate a programme of reform.

After four years, the Cairns Group message seems to have sunk in - no agriculture settlement, no Uruguay Round.

This time agriculture cannot be put back into the 'too hard' basket. That is not an option. This week we are going to settle the fundamental issues in agriculture or we are not going to settle anything.

How are we going to do that? After four years, perhaps some brutal realism is finally warranted.

It is perfectly clear to New Zealand, given current negotiating positions in agriculture, that no major player is going to capitulate to anyone else's position. If any of us finish this week with our full negotiating position intact in one pocket, there will be no deal in the other pocket.

If brinkmanship is the order of the day, so be it. We can all start and end the week like that. If, on the other hand, we can agree that this is not an ideological debate, and we try to construct a success, then the real question is: where is the margin of flexibility?

That can be determined only through negotiation. To negotiate means demonstrating flexibility. We in the Cairns Group have been waiting for a real negotiation since the end of the Mid-Term Review in 1989. In the last available week, all countries must now demonstrate their capacity to negotiate or take responsibility for failure.

What are New Zealand's expectations? It means putting into concrete terms what all parties agreed in April 1989 - to initiate a reform process through, and I quote, "... the negotiation of commitments on support and protection".

We are not here to renegotiate that language. After years of OECD meetings, summits, and the Mid-Term Review, we have reached the end of the road with communiqué language. We cannot just declare victory and go home.

We are here to negotiate those commitments on support and protection which we agreed to in April last year. This means commitments on internal support, commitments on access and commitments on export subsidies. This is the only way we shall initiate a real, rather than cosmetic, reform.

If we do not take the opportunity before us, the GATT Ministerial meeting in Brussels 1990 may come to have the unfortunate reputation of a monument to protectionism.