

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Trade Negotiations Committee
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AUSTRALIA

Statement by Hon. Mr Neal Blewett,
Minister for Trade Negotiations

The purpose of this Brussels meeting was to conclude the Uruguay Round. It was to be the culmination of the grand design of the past four years. It was to be an occasion for celebration and ceremony as we set the seal of the results of the most ambitious multilateral trade round in history.

Instead, we face a cold reality. We do not have the basis for taking final decisions in key areas. The Uruguay Round is in crisis. The future of the multilateral trading system hangs in the balance. The unique opportunity to assist the process of global economic change in a manner beneficial to all is slipping out of our hands.

Defeat stares us in the face, even though none of us can afford its consequences. In the interests of the world economy and future generations we, as Ministers, must work over the next five days to achieve the political breakthroughs which will enable the Round to be brought to a successful conclusion. This is a collective responsibility.

And all of us must clearly understand that if we fail in our task this week, it will not be the fault of our negotiators, nor of the GATT. It will be the fault of governments and governments alone.

Setting up the conditions for success will require flexibility and compromise. Australia is prepared for this. At the same time, we must hold firm to the objectives and principles established for the Round at Punta del Este, as well as the agreements forged in the Mid-Term Review.

This Round is remarkable for the scope of its ambitions and the breadth of active participation. The issues are complex. The contract struck at Punta del Este aims to reverse GATT's past failures - notably in the areas of agriculture and textiles - and to extend the multilateral trading framework into important new fields by establishing new agreements on services and intellectual property.

I came here to negotiate, not to catalogue Australia's well known positions in each and every area. In the context of these opening remarks, however, there are some issue-specific points which must be made.

Agriculture has been described as the linchpin. It represents the great gap in the GATT's effective coverage of trade in goods. It is also the issue with the greatest capacity to bring down the Round. Certainly, it is the view of the Cairns Group - which I have the honour to chair - that the Round cannot, and will not, conclude without a satisfactory outcome in this area. I believe this view is shared by many other participants. For this reason, the fact that we must, at this late stage, after four years of endeavour, confront a series of very fundamental questions before negotiations on agriculture can be effectively engaged, testifies to the deep crisis we are in.

For the Cairns Group, the answer to these fundamental questions must be that the Round will result in substantial and progressive reductions in support and protection and, in order to achieve that objective, there must be specific commitments - commitments which will cut trade distorting domestic subsidies, wind down border protection and substantially scale back the subsidies which wreak havoc in export competition.

Regrettably, negotiations towards these ends have come to a standstill without even really getting off the ground. The blame for this must rest with the European Community. Its offer on agriculture is seriously inadequate and its approach to the negotiations has been characterized by indifference and inflexibility.

The time has come for the Community to show that it will not allow the entire Round to fail for the want of commitments to genuine and urgently needed agricultural reform - reform which is in the Community's own interest.

Other participants, particularly Japan and Korea, must also show flexibility if we are to secure a successful outcome.

The crisis in agriculture has adversely affected other important areas of the Round. Market access is a case in point. Many participants cannot be expected to contemplate final decisions regarding their overall tariff commitments without being able to factor in the market access achievements in agriculture. This is certainly the case for Australia and, I believe, many other nations with high export dependence on agriculture.

It is regrettable that only a handful of offers tabled thus far hold the potential to achieve the Montreal target. Worse still, recent discussion has been clouded by too much talk of what might be withdrawn from the table, rather than what can be done. There have been some late proposals which envisage global duty-free trade in certain sectors including, importantly from our perspective, a number of natural resource based products. Australia is certainly willing to explore what can be done in the time remaining.

While agreement on agricultural reform is the prerequisite to the success of this meeting, services are also a significant element to be resolved.

In services, we have an historic opportunity. We can establish a new multilateral framework to underpin the continued growth in this sector for the rest of this century and beyond. We can also establish procedures for negotiations on initial trade liberalizing commitments to come into effect with the framework. These can be built upon in subsequent negotiations. In this regard, I will today submit a list containing Australia's initial conditional offers on services. This has, frankly, not proven an easy task given the continued uncertainty over the framework.

Breaking new ground in services has been a major undertaking. Considerable progress has been made in building an agreement based on a strong MFN provision, which is critical to small and medium-sized economies like Australia. We are greatly disturbed, therefore, by recent U.S. moves which would drastically limit the nature and scope of application of the MFN provision within a services agreement.

Here, as in agriculture, we cannot allow the short-sighted concerns of special interests to undermine the very fabric of the system which we are trying to build. Nor should we seek to overcome such difficulties by opening the door to a flood of demands for exceptions and exemptions from multilateral disciplines. The answer to such problems can be found in the framework provisions for "in-built" flexibility. This is not to deny that for all of us this new agreement is likely to impose political pain and structural adjustment. If it did not, it would not be worthwhile.

Services will be one of the key determinants of a successful outcome to this Meeting, and, indeed, the Round. We must therefore work quickly and constructively to ensure that the main problems can be overcome.

As I noted earlier, our agenda is broad. We have too much unfinished business before us. We must give priority to the major stumbling blocks so that by the end of this week we can send out a clear signal that the Round can, and will, be brought to a successful conclusion.

Such a signal will provide a much needed message of confidence to the supporters of freer, fairer and more predictable international trade. It will also be a welcome sign for those governments - and I am thinking in particular of those in Central and Eastern Europe - who have embarked upon dramatic and far-reaching change in their economies in order to bring about greater market orientation. And it will be an appropriate reward for those countries, particularly in Latin America, South East Asia and Africa, who have had the courage to embark upon significant autonomous trade liberalization.

When we can see that an overall balanced package can be achieved from this Round, we can then examine in closer detail the means of embodying and implementing the results. At that time we can also address with greater confidence the kind of organizational structure that should evolve from within the GATT system, to support the multilateral trading framework into the 21st century.

Australia looks to the major nations here to recapture the vision and commitment which launched us on this ambitious Round four years ago; to demonstrate the flexibility necessary to save it from collapse now, and to reflect and harness the determination of smaller and less affluent participants to take the GATT, the world trading system, and the people of the world, forward to greater stability and prosperity.