1. To avoid any misunderstanding as to Australia's position in this meeting I should like to make the following statement.

2. At the February meeting of this Group Australia spelled out its view of the place of the safeguards negotiation in the MTN (MTN/SC/W/22). Basically this was that it only makes sense to review rules for suspension of GATT obligations if the GATT obligations themselves bear on and are observed by all GATT members to the same extent, that is, if there is a "comparable footing of commitment" between GATT members. In particular terms this means that there has to be genuine progress on certain non-tariff measures of protection which so far have received scant or no attention in the MTN. In particular we are thinking of quantitative restrictions and variable levies. Progress in these areas conditions our approach to the review of Article XIX, which seems to be the centre piece of discussion at this stage.

3. At the April NTM Group meeting we reiterated our position. Unfortunately other major participants said little to make us think that effective work on NTM's such as variable levies and quantitative restrictions might go ahead.

4. Turning to the specific matters before us Australia's assessment of the American Safeguards Code proposal is that overall it will result in a tightening of Article XIX - but it does not provide any suggestions as to how those countries which have not or do not use Article XIX might be persuaded to do so.

5. It is apparent that a negotiation if it proceeded on this basis would be a one-sided negotiation - a negotiation in which the countries who use Article XIX as necessary will be required to accept new disciplines whilst those who employ other measures including subterfuge devices will continue to do so without concern for the disciplines that exist. Moreover, it is particularly those countries which do not use Article XIX when it appears that this is the course to follow who are most enthusiastic about the need for reform, for toughening it up.
6. Thus it seems to us that if this situation prevails a basic condition of Australia's participation in the work of the Safeguards Group is absent and we want to clearly signal our problems about participation on such a basis. We do not regard our approach as obstructing the work of the Group. But we believe that the negotiation ought to proceed on a balanced and equitable basis and it is our view that this is not the case at the moment. We hope that major participants will take steps in the future to remedy this situation. It is against this background that our further participation in safeguards discussions should be viewed.