AUSTRALIA: STATEMENT BY HON. J.S. DAWKINS, MINISTER FOR TRADE, 
AT THE MEETING OF THE GATT CONTRACTING PARTIES AT MINISTERIAL LEVEL, 
15-19 SEPTEMBER 1986, PUNTA DEL ESTE, URUGUAY

First let me also add my congratulations and those of Australia to you 
on your having assumed chairmanship of this Ministerial meeting of the GATT 
CONTRACTING PARTIES.

It is particularly auspicious to be meeting here under the Southern 
Cross - a spectacle familiar to Australians but nonetheless novel for 
northern hemisphere delegates here today.

This is a rare and momentous occasion. Rare because Ministerial 
meetings have been too infrequent for the well-being of the international 
trading system. Momentous because our commitment here to launch a New 
Round of multilateral trade negotiations will dictate the survival of the 
international trading system as we know it.

Not since the 1930s has the system been under such threat. Here, now, 
we have the chance to move forward towards greater prosperity for all of 
us. Protection still looks attractive as an option for some in our various 
countries, but it is a short-term option that can only lead us to disaster.

There is no clearer example than our agricultural trading system. For 
agriculture, the commitment of the GATT founders to an open, 
market-oriented trading system and the elimination of trade barriers has 
been lost.

Today we no longer face dynamic growth, but the prospect of prolonged 
trade stagnation.

While we have made substantial progress in reducing industrial tariff 
barriers, the drift towards protectionism is characterized by a growing web 
of non-tariff restraints and attempts to legitimize exceptions from the 
rules.

The fact is that the richest and most privileged countries have lacked 
the fortitude to face the consequences of economic change. They have 
cocooned their farmers in a fool's paradise.

Worse still, by refusing to carry their fair share of the adjustment 
burden, the agricultural protectionists have magnified the load that the 
rest of us must carry.
Australian farmers are hardened to the ravages of drought. But it is not drought that has crippled them now. It is the anti-market incursions of the world's leading market economies.

Yet it is they who have benefited most from the industrial growth of the last 30 years.

The major trading economies have all insulated their farmers from the reality of the international market place. Their farmers are, in fact, living on subsidy welfare. Worse, efficient agricultural exporters like Australia are being forced to pick up the tab.

The common agricultural policy of the EC has already bitten into Australian farm receipts to the tune of one billion dollars each year. United States farm subsidies are estimated to add eight percentage points to Argentina's annual foreign debt servicing burden.

Australia rejects the well-worn simplification that "we are all sinners". Too often this line has been advanced as an alibi for lack of action to correct the major distortions in agricultural trade.

What is important is to address the major causes of these global distortions. For instance, Malaysian, Indonesian and Philippine programmes of rural development are hardly contributors to the problem. Such programmes are rather an understandable response to the chaos which exists in agricultural markets today and to the specific threats posed by poverty and starvation.

The major traders face no such threat, and must take that into account before pointing the finger at the developing countries. They cannot afford, in this respect, to behave like bouncers in a Kings Cross Nightclub.

We are no longer talking just about trade, we are talking about maintaining international stability, that stability will be based on the credibility of the major players in that week's negotiations.

To gloss over the problems facing us here would be to invite cataclysmic change in our global economic and political structure.

In the interests of economic sanity and stability, as well as harmony in international relations, the trade majors must wind back their destructive policies of agricultural subsidization - and they must start now.

These countries - the same who put the GATT contract in place - are now apparently unable to live by the rules and principles they themselves made. The GATT now borders on a voluntary agreement for a powerful and privileged few who invoke its provisions only when it suits them to do so.
It is true that changes in global demand and technical innovation have contributed to this situation. But the root cause of the chaos in agricultural trade is widespread resort to increased agricultural protectionism instead of adjustment.

The establishment of the Fair Traders in Agriculture Group is an important attempt by some of the smaller among us to promote change.

This "Cairns Group" came together as a direct result of the unfair trading practices that prevail in world agricultural trade and the chaos that has brought to world markets. The Cairns Group represents a significant trading voice, a third force in agricultural trade which insists on being heard and having its views taken into account.

The Group has met again here at Punta del Este. It has reaffirmed its determination to seek unequivocal commitments to negotiate on agriculture. The objectives are clear. We seek the removal of access barriers and substantial reduction in, and early phasing out of, subsidies affecting agricultural trade.

We will accept no less than a text reflecting a strong political will to achieve these aims from this meeting in Punta del Este.

We intend to approach these negotiations in a reasonable and rational way. But there is an urgency in this endeavour that will necessarily require sharpness in our stance.

This is no time for platitudes, and Australia will not be part of any obfuscation on agricultural trade issues.

It is true that the foundation of the GATT is consensus, but the foundation of consensus must be reality. Consensus based on myth and prevarication sets a false and dangerous prelude for the New Round.

For Australia, the reality is a sharp fall in our terms of trade - 10 per cent last financial year with a forecast 8 per cent this year - and no prospect of a reversal without substantial and rapid trade reform.

For this reason agriculture is our highest priority. Our objective is to have the parameters for reform in place within two years.

This is really only a modest objective. The massive stockpiles accumulated as a result of the self-defeating policies of some, will overhang the market for us all well into the next decade.

An immediate and resolute move to wind back agricultural subsidies will not bring immediate relief. Prices will be slow in recovering. But an immediate start is essential to bring our farmers some hope for the 1990s.
Our task here at Punta del Este is to launch a trade negotiation that gives promise of substantial improvement to the whole world trading environment. One that will encourage the abandonment of economically inappropriate and costly domestic policies inhibiting structural adjustment and the growth of trade.

The Australian Government strongly endorses the need for such trade negotiations to remedy the deficiencies of the GATT and to liberalize markets for trade in all goods and services. We must tackle both the old trade problems and the new trade challenges if the GATT is to be relevant to our future growth and prosperity.

A major effort should also be made to improve the institutional framework of the GATT. We must increase the effectiveness of GATT scrutiny of the trading system and of its dispute settlement mechanisms.

This meeting of Ministers is the opportunity to ensure this is done effectively. We must avoid burying the issues facing us here in the minutiae and imaginings of officials creating lifelong tenure for themselves. More frequent meetings of Ministers will strengthen the GATT and reinforce its essential rôle.

I have come here this week to join with you in a Declaration which makes it clear that Australia recognizes an urgency to negotiate for trade liberalization and more equitable rules across all sectors.

I am prepared to express Australia's bona fides in entering into such negotiations in a strong and unqualified way - no doubt all participants will find the courage and political will to commit themselves unequivocally to a comprehensive non-prejudicial mandate.

The future of the market economy trading system is in our hands. If we accept the responsibility, we can, I believe, restore a dynamism that will lead us away from trade wars and disruption towards unimpeded growth and prosperity for all CONTRACTING PARTIES.