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AUSTRALIA

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We meet at a time when trade and economic issues occupy an increasingly important place on the international agenda. A major test of commitment to the multilateral process lies ahead of us when Ministers gather at Montreal, some four weeks from now, for the mid-term review of the Uruguay Round.

While this session is perhaps being overshadowed by the build-up to the Montreal Meeting, it is certainly not the case that the Uruguay Round has sapped vitality from regular GATT activities. Indeed, one of the potential early areas of agreement in the Uruguay Round could involve regular ministerial involvement at the meeting of the CONTRACTING PARTIES, thus underlining the increased importance attached to GATT's rôle.

With the beginning of preparations for the Uruguay Round, there has been an accompanying upsurge in the normal business of the GATT. While, from one perspective, increased disputation is disappointing, it is at least heartening to see the greater use being made of dispute-settlement processes within the GATT forum. We see this as reflecting renewed commitment to the multilateral framework. It is an indication that the system has recovered somewhat from the cynical attitudes and practices of the late seventies and early eighties.

There is also evidence of wider international recognition of the GATT's importance as seen in increased interest in GATT membership. Lesotho has joined this year, and membership applications from Bolivia, Bulgaria, El Salvador and Tunisia are at various stages of consideration.

Other important activities have included the change-over to the use of the Harmonized System of Tariff Classification, and the establishment of an integrated data base. We have also continued to devote considerable efforts to long-standing working parties.

We cannot, however, afford to be complacent. The renewed commitment to the GATT which we have identified will quickly be lost if contracting parties use the system for purposes other than the settlement of disputes or with very short-term political objectives in mind. The system does not benefit from cross-linkages or wilful obstruction. The onus, of course, is on all GATT members, but it is the key trading entities which must provide the lead.

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We should not see the GATT system as an end in itself. Our objective is economic growth through the expansion of trade. This has been recognized through autonomous trade-liberalizing actions by a number of contracting parties, including developing countries, this year. In May, the Australian Government took a decision to implement a wide-ranging cut in industry protection on manufactured and agricultural products. This reduction in protection will benefit both Australia and its trading partners.

In this context, Australia would like to note that one particularly encouraging development is that agriculture has moved on to the agenda of trade liberalization. The high proportion of recent dispute-settlement cases which have related to agricultural products shows that the tolerance to agricultural protectionism has been seriously undermined, if it has not disappeared. We have also committed ourselves to general reform of the practices and rules affecting agricultural trade through the Uruguay Round. In this respect, it is also appropriate that we acknowledge recent action by Japan to commence a process of significant liberalization of its markets for a number of agricultural products, particularly beef and citrus products.

The last two years have seen growth in the volume of world trade of around 5 per cent per annum. This is an improvement over performances earlier this decade. The challenge will be to maintain trade growth in a world economy endangered by continuing budget and trade imbalances and by the debt problem. The answer cannot be provided through the GATT alone. Adjustments in domestic policies and broader international economic co-operation are essential; but the GATT must do its share. A successful result from the Uruguay Round, including the mid-term review in Montreal, will contribute to this.

We must recognize also that multilateral progress is not in itself sufficient to generate the gains that will flow from increased trade liberalization. A strengthened commitment to trade liberalization must also extend to internal, bilateral and regional policies. In this regard, the trade implications of the European Community's efforts to create a single market by 1992 and the recently enacted United States Omnibus and Trade and Competitiveness Act are very much on the minds of all of us.

Australia also notes the recent efforts to create new trading blocs and to strengthen existing customs unions or free-trade arrangements. They have involved countries of the European Communities, the United States, Canada, Israel, Australia, New Zealand, Brazil, Argentina and Uruguay. As a participant in one of these arrangements, Australia firmly believes that they can be a means of liberalizing and expanding world trade. There is scope, because of the small number of participants and close existing ties, to facilitate and complement wider multilateral liberalization. In order to play this rôle, however, it is essential that such arrangements be essentially outward-looking in character.

It is on this last point that we must keep our focus. The idea is to move ahead, and thus support the multilateral system and not seek to undermine or to replace it.