

Briefing Note



GATT URUGUAY ROUND

Summary of the Federal Department
of Foreign Affairs and
Trade Paper
"Uruguay Round, Outcomes for Australia"

by

Jan Newby

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Researchers in the NSW Parliamentary Library

Dr Gareth Griffith (Xtn 2356) Research Officer, Politics and Government, and Acting Bills Digester.

Dr Rebekah Jenkin (Xtn 2798) Senior Research Officer, Science and Environment.

Ms Jan Newby (Xtn 2483) Senior Research Officer, Statistics.

Ms Sharon Rose (Xtn 2768) Research Officer, Social Issues.

Mr John Wilkinson (Xtn 2006) Research Officer, Economics.

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GATT URUGUAY ROUND

OUTCOMES FOR AUSTRALIA

This Briefing Paper consists of a summary of the main points of the paper entitled '*Uruguay Round - Outcomes for Australia*' produced by the Federal Department of Foreign Affairs and Trade and released on 15th December, 1993.

The report consists of two Parts - Part One: Outcomes for Australia, which is further divided into ten sections and Part Two: Guide to the Uruguay Round.

This Briefing Note will focus on summarising Part One of the Report, augmenting the summary with relevant background details from Part Two.

BACKGROUND:

WHAT IS GATT:

The GATT - the General Agreement on Tariffs and Trade is a treaty between 115 governments which together account for 90% of world merchandise trade. GATT seeks to create a secure and predictable world trading environment by providing a rules-based trading system with non-discrimination as its main principle.

GATT members are called contracting parties.

The GATT operates in three ways:

- * as a set of agreed rules and disciplines for international trade
- * as a forum for trade negotiations to make trade more liberal and more predictable either through opening national markets or reinforcing and extending the rules themselves
- * as a forum for contracting parties to resolve their trade concerns

Since 1986, the GATT has been conducting the biggest trade negotiation ever, the Uruguay Round.

THE FINAL ACT OF THE URUGUAY ROUND

On 15th December, 1993 the Trade Negotiations Committee of the General Agreement on Tariffs and Trade adopted the draft 'Final Act and Schedules' which brought to an end the Uruguay Round of Multilateral Trade Negotiations.

This Round was launched more than seven years ago in Uruguay, making it the longest of

the eight rounds of trade negotiations since the establishment of the GATT in 1946.

The Director General of GATT is now expected to call Ministers of the 115 Contracting Parties to GATT to a meeting in Marrakesh in Morocco in April 1994 to formally ratify the New GATT and other agreements.

The final Act and schedules cover all the negotiating areas as well as two sets of national schedules which record:

- . the results of the mainly bilateral "market access negotiations" in which individual participants have made binding commitments to reduce or eliminate specific tariffs or non-tariff barriers to merchandise trade
- . the "initial commitments" on liberalisation in trade in services which were negotiated in the context of the new General Agreement on Trade in Services (GATS).

The Federal Department of Foreign Affairs and Trade report contains information on the main outcomes for Australia from the round across sectors of major interest.

1. PART ONE: AN OVERVIEW OF THE OUTCOMES FOR AUSTRALIA

1.1 A SUMMARY OF THE MAIN OUTCOMES FOR AUSTRALIA:

1.1.1 ECONOMIC BENEFITS

The Uruguay Round is the largest deal ever concluded in the history of world trade. The OECD estimates the final outcomes on agricultural and industrial products will provide a boost to the global economy of up to \$A418 billion by the year 2002.

Australia's share of economic benefits from the Round is estimated by the OECD to be at least \$A2.5 billion.

The most recent estimates by the Industry Commission (December, 1993) are that the long-term effects of the Uruguay Round will be an increase in Australia's exports of over \$A5 billion and an increase in Australia's GDP of around \$A3.7 billion.

1.1.2. AGRICULTURAL GAINS

The agreement on agriculture benefits Australia by \$A1 billion a year in key farm sectors in full implementation through three major areas:

Market access provisions including an average cut on all agricultural tariffs of 36%. All items are to be cut at least 15% and bound ("Bound" means that tariffs cannot be raised without recourse to GATT or without paying a price).

Domestic support measures will be cut by 20% in terms of the Aggregate Measure of Support

Export subsidies will be cut by 36% in budgetary expenditures and 21% in quantities.

Other gains for Australia include:

- Confirmation of the "Andriessen Assurance" not to corrupt Asian beef markets with subsidised European Union (EU) exports which will protect valuable and growing beef export trade worth over \$A1.5 billion.
- Improved market access to the Korean and Japanese beef markets
- Tariff binding at zero for Australia's current level of sheepmeat exports, worth over \$A55 million, to the EU.
- Permanent opening of the Japanese and Korean rice markets. This will result in an immediate gain to Australian rice farmers through participation in new access worth \$A175 million.
- An assurance from the United States that it will not subsidise exports of rice to the Japanese and Korean markets.
- Greater access for dairy products such as cheese, butter and skim milk powder in the US, EU, Japanese, Korean, Thai and Malaysian markets.
- Improved access opportunities for horticultural products such as apples in key markets of the EU and Korea.

1.1.3 INDUSTRIAL PRODUCTS

The Uruguay Round has resulted in the biggest market access tariff-cutting

package ever achieved by GATT, 30 times larger than outcomes achieved from previous rounds.

Most tariffs are being cut by one-third, with very deep cuts in some sectors of vital importance to economic recovery in manufacturing in the industrialised economies.

Key outcomes for Australia include coal access in the EU, Japan and Thailand; significantly improved access for non-ferrous metals, steel, processed foods and a wide range of high-value-added manufactured exports.

Participation, for the first time, by a wide range of developing countries in this initiative will bring guarantees of improved market access in some of the fastest growing world markets, particularly those in the Asia- Pacific region.

1.1.4 SERVICES

The Agreement on Trade in Services for the first time brings this, the fastest growing sector of world trade under GATT-type multilateral rules.

- The Agreement will ensure fair rules for trade worth more than \$US960 billion globally
- The Services outcome includes binding commitments on market access by over 70 developed and developing nations
- It will provide Australian service exporters with improved international trading opportunities in the following service sectors:
 - telecommunications
 - financial services
 - insurance
 - business and professional services

1.1.5 INTELLECTUAL PROPERTY

The Trade in Intellectual Property Rights (TRIPS) Agreement creates comprehensive new GATT rules to protect intellectual property and to govern disputes in this increasingly important aspect of trade in sophisticated and technologically intensive goods and services.

The TRIPS agreement will boost Australia's performance as an exporter of intellectual property in areas such as:

- Computer Software
- Films
- Television
- Music
- Video
- Patents.

The Australian exports of these items are moving towards \$A500 million per annum.

1.1.6 WORLD TRADE ORGANISATION (WTO)

One of the key initiatives of the Uruguay Round is the establishment of the World Trade Organisation (WTO) - a new, improved and expanded version of the present GATT.

The WTO will provide the institutional framework for the administration of the Uruguay Round agreements, the GATT and the agreements on services and intellectual property and other related multilateral trade texts.

With an increased number of agreements to be administered and the dramatic expansion of the contracting parties from 23 in 1947 to 115 at present, the WTO will provide an effective administrative structure based on a clear legal framework.

The WTO expands GATT's coverage of issues, matching its expansion in membership over the last seven years, strengthens its systemic capacity through streamlined decision making and, particularly, much more effective dispute settlement wherein the major countries (parties to most GATT disputes) will no longer politically or procedurally block progression of a dispute.

Institutional strengthening of GATT was a major objective for Australia in the Round, reflecting the importance of multilateral rules for protection of Australia's interests.

2. URUGUAY ROUND OUTCOMES IN MORE DETAIL

2.1 AGRICULTURE:

Prior to the Uruguay Round the GATT rules as they applied to agriculture had been unable to prevent the distortions which severely impacted upon the world agricultural markets. These distortions were a result of agricultural protection policies of the major industrialised countries. 90% of the distortions were in the US, EC and Japan. While the GATT has some provisions for agriculture, in many respects these rules and disciplines have not been effective because of various exceptions and waivers.

These policies have created difficulties for countries which do not provide government support for their agricultural sectors, such as Australia.

To address this issue Australia formed a coalition of agricultural-exporting countries with the aim of including agriculture in the mandate for the Uruguay Round. This group came to be known as the Cairns group, after its first meeting was held in 1986 in the north Queensland town.

Representing a fifth of the world's agricultural exports, the Cairns group became an important player in the negotiations. The input of the Cairns group has resulted in the inclusion of an agreement on agriculture in the outcome of the Uruguay Round.

The main features of the agricultural package for Australia are:

- **Market Access**

All agricultural tariffs are to be cut by 36% over the six year implementation period of the Round. The tariffs on all agricultural items are to be cut by at least 15% and "bound" which means that they cannot be raised without recourse to the GATT or without paying a price. All non-tariff barriers (quotas, embargoes, etc) are now required to be converted to tariffs.

- **Domestic Support**

Domestic support measures, the government funds used to subsidise farm production and incomes, will be cut by 20%. This initiative will significantly reduce overproduction which has been a main cause of distortions in world agricultural markets. Genuine relief to farmers through measures which have a minimal effect on trade (e.g. disaster relief, etc) will be allowed under the agreement.

- **Export subsidies**

Targets for cuts in export subsidies by the year 2000 have been preserved at 36% on expenditures and 21% on quantities (from a 1986-90 base level). This measure will result in a large reduction in the amount of subsidised farm exports on the world market.

The "Andriessen Assurance" will be maintained. This is an undertaking that the EC will not export subsidised beef to Asian markets of particular commercial benefit to Australia. These markets are: Japan, Republic of Korea, Taiwan, Singapore, Malaysia and PNG. This is of particular importance to the Australian beef industry.

2.2 THE OUTCOME OF AUSTRALIA'S NEGOTIATIONS ON AGRICULTURE WITH KEY TRADING PARTNERS

2.2.1 RESULT OF NEGOTIATIONS WITH THE US

US export subsidy schemes (for commodities such as wheat, skim milk powder and dairy products) will be reduced as a result of the Uruguay Round export subsidy measures.

Global access to the US markets for meat, butter, skim milk powder, cheese, butter oil and sugar will be expanded.

2.2.2 RESULTS OF NEGOTIATIONS WITH JAPAN

Japan's markets for meat, rice, wheat, sugar, barley and dairy products have been opened up as a result of the Uruguay Round. As well, the US has assured Australia that it will not subsidise exports of rice to the Japanese and Korean markets. The Australian rice industry is particularly well placed to take advantage of the expected liberalisation of the Japanese market.

2.2.3 RESULTS OF NEGOTIATIONS WITH THE EUROPEAN UNION

As a result of the Round outcome, the EU must undertake major reductions to their export subsidy programs - a major cause of distortion in international agricultural produce markets. Subsidies for wheat and wheat flour, coarse grains, beef and cheese exports will be reduced.

The EU has agreed to continue the "Andriessen Assurance" not to send subsidised beef exports to key Asian markets.

The EU will now increase imports on a range of products which will be open to all suppliers, including Australia. These imports include:

- meat
- skim milk powder
- cheese

Tariffs on horticulture and apples will be cut. The zero tariff on imports of sheepmeat for Australia's current level of access will be maintained.

2.2.4 RESULTS OF NEGOTIATIONS WITH THE REPUBLIC OF KOREA

Korea is Australia's third largest market for agricultural products and exports to this market have been growing strongly over recent years. The Uruguay Round outcome will

underpin this growth and will result in improvements for a number of products of high priority for Australia.

The Korean rice market will be opened permanently. Continuing growth in the Korean beef market beyond the current arrangement to 1994 has also been agreed. Tariffs will be bound on wheat and raw sugar. Current restrictions on sheepmeat, dairy products and horticulture will be lifted.

2.2.5 RESULTS OF NEGOTIATIONS WITH ASEAN

ASEAN countries are key markets for Australian dairy products, wheat, raw sugar, horticultural products and beef. While full details are not available, agricultural exports to ASEAN countries will be subject to the overall guidelines of the Uruguay Round. Thus agricultural tariffs will be bound across the board and reduced over the implementation period.

Malaysia, Australia's third largest export market for fruit, has offered further tariff reductions on a wide range of fruit products. ASEAN countries have agreed to the conversion to tariffs of non-tariff measures on products such as liquid milk and other dairy products.

2.3 SERVICES

One of the most important outcomes of the Uruguay Round is the conclusion of an international agreement amongst 115 countries which establishes a single set of rules for all aspects of world trade in services.

This agreement to be known as the General Agreement on Trade in Services (GATS) and is the first time that GATT-style rules and principles are comprehensively applied to the services trade. The most important principle is that all member countries not discriminate between service exporters from other member countries. Another important principle is transparency. There are also general obligations on domestic regulatory activities, the recognition of qualifications and dispute settlement.

The specific commitments in the agreement are negotiable. These related to the provision of market access and national treatment to foreign service exporters. These specific commitments have been negotiated on a request/offer basis. Australia negotiated intensively with 24 countries, with a particular focus on securing better schedules from those in the Asia-Pacific region in key sectors where Australia has services trade interests at stake.

2.3.1 TELECOMMUNICATIONS SECTOR:

The main provisions are:

- Guarantees for service providers of access to and use of telecommunications facilities on equal and non-discriminatory terms and conditions

- Negotiations are to commence to develop market access and national treatment commitment on basic services (i.e. voice telephone)

2.3.2 FINANCIAL SERVICES

In financial services, many countries have made commitments in banking and insurance services, and the removal of discrimination will ensure that Australian suppliers can compete on an equal basis with other suppliers.

2.3.3 PROFESSIONAL AND BUSINESS SERVICES

Services are already the fastest growing area of world trade. Australia's services exports account for about 20% of its total trade and have been growing annually at about 7% since 1983-84.

The growth of exports of Australian business and professional services are often checked in overseas markets by standards and licensing requirements which discriminate against foreign providers. The areas covered in this sector include legal services, accountancy, computing, consulting, design consultancies, architecture, engineering, tourism and education.

The GATS agreement will address these problems through fair and transparent rules which will ensure that licensing, qualifications and standards are based on more objective criteria.

The GATS agreement also addresses the issue of restrictions on the temporary movement of managers and professionals for the purposes of selling these services. Other benefits include the elimination of reciprocity requirements, working to achieve consistency of accreditation of standards in certain professions such as engineering, accountancy and other technically based professions and the elimination of restrictive measures in many countries affecting foreign tourist services.

2.4 INDUSTRIAL PRODUCTS AND MINERALS

Australian exporters of minerals and manufactured products will benefit significantly from the Uruguay Round through tariff cuts. Final across the board tariff cuts are likely to exceed 50%. Over 75% of Australia's total trade will now face "bound" tariffs, providing greater certainty for exporters. Australia has been negotiating with 24 trading partners which is a substantial increase over the number of negotiating partners in the last GATT round.

2.4.1 BEER

Part of the outcome of the Uruguay Round industrial products negotiations has been an agreement amongst the major economies for zero tariffs on

beer over eight years. Australia is a net exporter of beer and stands to benefit from the removal of tariffs from a number of key markets.

2.4.2 NON-FERROUS METALS

The non-ferrous metals sector includes copper, zinc, lead, tin and nickel. Australia is a major exporter of non-ferrous metals, and stands to benefit from reductions in tariffs on these products.

2.4.3 STEEL

Agreement has been reached among a number of major steel producing countries, including Japan, US, Canada and EU to eliminate tariffs on steel products. The Australian steel industry stands to benefit from the elimination of tariffs in key markets such as the United States.

2.4.4 PHARMACEUTICALS

The outcome on pharmaceuticals provides for the immediate elimination of tariffs in a number of major countries including the EU, US, Japan and Canada from the date of implementation of the Uruguay Round outcomes. Australia has a number of companies who are well placed to benefit from this initiative.

2.4.5 MEDICAL EQUIPMENT, SCIENTIFIC EQUIPMENT AND FARM EQUIPMENT

Agreement has been reached to eliminate tariffs in a number of major countries, including the US, EU, Japan and Canada on medical, scientific and farm equipment. Again, Australian companies are expected to benefit from these initiatives.

2.4.6 COAL

As part of the Uruguay Round, Australia has conclude a coal agreement with the European Union which involves the reduction of EU coal production and the binding of tariffs to zero. This agreement will underpin an expansion in additional coal sales (by 2000) estimated at \$500 million.

2.5 TRADE RELATED INTELLECTUAL PROPERTY

The Uruguay Round agreement on Trade-Related Aspects of Intellectual Property Rights including Trade in Counterfeit Goods (TRIPS) is aimed at providing a stronger and more comprehensive system of international protection for a range of intellectual property rights including patents,

copyright, trade marks, industrial designs, integrated circuits, geographical indications and trade secrets. This initiative is aimed at combating loss of income through piracy and counterfeiting.

Australian export industries involved with aspects of intellectual property contribute billions of dollars in revenue to Australia. They include a wide range of exporters of copyright material industries such as film, music and books, high value manufacturers such as telecommunications, chemicals and pharmaceuticals and advanced technology, and wine makers who rely on labelling with their geographical locations as a marketing tool.

One of the more significant initiatives of TRIPS is the provision of a mechanism to protect intellectual property including copyright which is particularly important for the Australian music industry. In 1991-92, Australia exported music industry goods and services with a total value of \$A120 million.

2.5.1 TRIPS AND MANUFACTURING EXPORTS

Australia's composition of trade has changed dramatically in recently years. Elaborately transformed manufactures (ETMs) which comprise the fastest growing export sector (more than doubling in the four years since 1989-90) and have been identified as one of Australia's main export growth areas.

The TRIPS Agreement will go a long way to encouraging business and investor confidence in innovation, technology transfer and export activity, by providing better defined and workable global rules for the protection of intellectual property, including patents, copyright, trade marks, industrial designs, integrated circuits, geographical indications and trade secrets.

2.5.2 TRIPS AND THE WINE INDUSTRY

As Australian wine gains in international stature and reputation, protecting Australian geographical indications and other aspects of product identification becomes increasingly important.

Already the wine industry is a major contributor to the nation's exports producing a high value added product clearly identifiable to overseas consumers as Australian. In 1992/3, wine exports reached \$A293 million or almost a quarter of total sales and are expected to reach \$A1 billion a year by 2000.

Under the TRIPS Agreement, which covers all forms of intellectual property including patents, trade marks and copyright, protection will also be provided for Australian geographical indications in export markets. The use of wine labels of the names of Australian geographical regions such as the Hunter Valley will be restricted to wines produced in those regions. In turn, Australia will be required to protect the wine names of other countries, which are not presently in general use in Australia. e.g. 'champagne'.

2.5.3 COPYRIGHT INDUSTRY

The new TRIPS agreement will help to protect and promote Australian exports of goods and services with an intellectual property component, including music and film production, computer software and book publishing, by providing a more secure international framework for intellectual property and by encouraging better enforcement procedures to counter piracy.

With exports of Australian copyright material growing at over 15% per annum to \$A320 million in 1992, Australia has much to gain from strong international rules on copyright protection.

In particular, the Australian Music Industry stands to gain considerably from the TRIPS Agreement which will establish minimum standards for the protection of copyright - a key element on which the music industry relies.

2.6 TRADE RELATED INVESTMENT MEASURES

The Uruguay Round decision on trade related investment measures (TRIMS) will improve the level of certainty for Australian investors abroad by limiting the scope of foreign governments to attach onerous conditions to investment approvals or to link them to the receipt of other advantages.

3. VARIATIONS TO TRADING PROCEDURES

"Single undertaking" binds all World Trade Organisation (WTO) Members

The "single undertaking" agreement incorporated in the establishment of the new WTO will commit all members not only to the GATT but also to a range of agreements on trade in goods that formerly enjoyed only partial coverage. They include agreements on technical standards of goods, anti-dumping, subsidies and countervailing duties, preshipment inspection, rules of origin, safeguards and other areas.

3.1 STANDARDS

The Technical Barriers to Trade (Standards) Agreement aims to prevent regulations and standards being used as a means to unjustifiably inhibit or prevent trade with the object of protecting domestic industries.

This will be of direct benefit to Australian exporters which have faced unnecessary problems in export markets caused by standards.

Standard setting in Australia is an open process and Australian standards either match international standards or can be justified on scientific or risk groups. Australia is a signatory to the existing GATT Standards Code, and the new Agreement will not affect Australia's ability to implement necessary standards.

3.2 ANTI-DUMPING

The new Anti-Dumping Agreement will provide for greater precision and predictability in procedures for the application of anti-dumping measures on dumped and injurious imports as well as increased discipline to try and ensure anti-dumping regimes are not used as protectionist measures.

3.3 CUSTOMS VALUATION

The main focus of the revised Customs Valuation Agreement is the determination of "transaction value" for the purposes of customs valuation.

The Agreement makes an important contribution to international trade rules through reinforcing disciplines for a uniform, predictable and neutral approach to the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values.

3.4 IMPORT LICENSING

The revised agreement will strengthen and bring greater predictability and transparency to the administrative procedures used for the operation of import licensing regimes. It requires notification of rules and all information concerning procedures for the submission of import licensing applications. There are also improved disciplines for the procedures for granting of automatic and non-automatic licences.

3.5 PRE-SHIPMENT INSPECTION

Pre-shipment inspection (PSI) is the practice of employing specialised private companies to check shipment details - essentially price, quantity, quality - of goods ordered overseas.

The revised agreement ensures that Preshipment inspections are subject to disciplines with respect to non-discrimination, notification and consultation, protection of confidential business information, provision of technical assistance and avoiding conflicts of interests.

3.6 RULES OF ORIGIN

The Rules of Origin Agreement will improve the rules used to determine the level of processing of a product that is required to change its "nationality".

The rules of origin covered by the agreement are used in an array of non-preferential commercial policy instruments including Most Favoured Nation, safeguard measures,

origin marking and any discriminatory quantitative restrictions or tariff quotas.

At the end of a three year harmonisation work program, members will be expected to ensure that their rules of origin are transparent and do not have restricting, distorting or disruptive effects on international trade.

3.7 SAFEGUARDS

GATT Article XIX allows countries to take emergency action against imports of particular products to protect the domestic industry producing those products from a build up of imports causing or threatening to cause serious injury. In future, all actions taken under this article will have to conform with strengthened disciplines setting out requirements both for domestic procedures and the restrictions applied against imports. These include procedures for justifying the application of safeguard measures including public investigation, criteria for establishing "serious injury", a "sunset" on current measures and fixed time limits for the duration of future safeguard actions.

3.8 SUBSIDIES AND COUNTERVAILING DUTIES

The Subsidies and Countervailing Duties Agreement builds on the Agreement on Interpretation and Application of Articles VI, XVI and XXIII known as the Subsidies Code, which was negotiated in the Tokyo Round.

The new agreement introduces a definition of a subsidy and also define categories (red/amber/green) of subsidies that are prohibited, actionable and non-actionable, respectively.

The concepts of actionable and non-actionable apply to both whether a subsidy can be counteravailable as well as whether it can be challenged through the multilateral dispute settlement systems as causing adverse effect.

The current agreement prohibits export subsidies on manufactured products and on minerals. The new agreement will prohibit export subsidies on all products but as a result of the Peace Clause in the Agricultural Agreement¹ there is a partial derogation from the subsidy disciplines on agricultural products.

¹ The "Peace Clause" gives Europeans and North Americans an eight-year exemption from action under GATT farm trade rules provided they reduce the overall subsidy burden. Thus, under the deal, subsidised farm products from the US and Europe are likely to compete with Australian produce for years to come as Europe and the US seek to wind down their huge stockpiles.

4. AUSTRALIAN RESPONSES TO THE OUTCOME OF THE URUGUAY ROUND

4.1 FEDERAL MINISTERS

THE PRIME MINISTER

The Prime Minister, Mr Paul Keating, quoted in the *Sydney Morning Herald* of 16th December, 1993 said that the world trade deal would give Australia the trading environment it could only have dreamed about seven years ago when the Uruguay Round began. "The GATT Round has now come to fruition and, as a result, there will be at least conservatively \$2.5 billion worth of benefits for Australia, including \$1 billion of benefits from an agreement on agriculture," Mr Keating said. "It is going to mean a pick-up in employment. The best we can estimate this at quickly is around 50,000 jobs, which is a very large complement. It is going to add another \$3.5 billion to Australia's gross domestic product, which is an important addition," he said. Mr Keating said the successful GATT deal meant the world would not break into three warring trade blocs. Instead, the important markets would be Europe and the Asia-Pacific region. But Europe would have to accept it needed to drop protection further if it wanted to compete against the Asia-Pacific region, he said.

THE FEDERAL MINISTER FOR PRIMARY INDUSTRY

The Minister for Primary Industry, Mr Simon Crean, was quoted in the *Australian* of 18th December, 1993 as saying he would seek discussions soon with leaders of the dairy, red meat and wheat industries to examine future developments. Mr Crean said the result meant the reform of the rural sector's Statutory Marketing Authorities would continue. These reforms would be easier now that there was more optimism surrounding the rural industry's future. The Government was now determined to improve on the \$5 billion export increase figure through shifts in industry policy. But, he said, there would be no deregulation of farm protection measures, such as the export monopoly enjoyed by the Australian Wheat Board - simply for the sake of it. "I don't start from the position that says the statutory marketing authority is all bad and is over-resourced. To me the question is how well they (the resources) are being spent and that doesn't necessarily mean that you start chopping them around, it means you find a better way to promote it." Mr Crean refused to be drawn on support for the export monopoly question, saying he wanted further analysis done before making a final decision.

INDUSTRY GROUPS

THE AUSTRALIAN MEAT EXPORTERS' FEDERAL COUNCIL

Mr Richard Crouch, Executive Director of the Australian Meat Exporters Federal Council, was quoted in the *Sydney Morning Herald* of 21st December, 1993 as saying

that the Australian Meat Industry may be touted as the big winner out of GATT but it faces a "very, very difficult" 1994. The industry faced the immediate problem of restrictions on exports to the US. Under the US Meat Import Law the Australian quota next year will be 300,000 tonnes, down 15,000 tonnes on this year. Australia's "voluntary restraint agreement" or acceptance of the quota, should be gazetted this week. Mr Crouch said the GATT agreement with the US increased tonnages to 380,000 tonnes, a figure that was likely under the MIL later this decade, with the above-quota tariff of 31.4 per cent in 1995 which Mr Crouch described as "quite outrageous in GATT rule terms", reducing to 27 per cent over six years.

Japan, already an open market, will lower its tariff from 50 to 38 per cent over six years. Mr Crouch said the tariff fall would not make much difference because of the big differential between wholesale and retail prices in Japan. He said the move to liberalise the Korean market by 2001 was completely unexpected. Much more disappointing were negotiations with the European Union. While Australian exporters wanted to double the 17,500 tonnes of sheep meat exported now, that figure remained unchanged, as did the high quality beef quota.

Mr Crouch said the industry was looking to the next round of negotiations. "This is the first time agriculture has been part of the GATT round. The next time we will kick off from a lower base, so there is some value in even a marginal drop."

ICI (CHEMICAL INDUSTRY)

The Managing Director of ICI, as reported on *AAP* on 21st February, 1994, said that the Federal Government must push for Asian countries to reduce tariffs on Australian chemicals and petro-chemicals. The Commonwealth Government must acknowledge that in Australia, capital intensive industries like the chemical and plastics industries are at a disadvantage when competing for investment against Asian countries. The government must push home the GATT agreement and negotiate with our Asian neighbours to reduce tariffs for chemicals and petro-chemicals.

AUSTRALIAN COALITION OF SERVICE INDUSTRIES

Ms Judith King of the Australian Coalition of Service Industries, quoted in the *Bulletin* of 11th January, 1994, said it would be fair to say that the process did not deliver what we hoped. We haven't gone as far as we hoped we might in this round.

NATIONAL FARMERS' FEDERATION

Mr Philip Elaison, the deputy director of the National Farmers' Federation, quoted in the *Bulletin* of 11th January, 1994, said "we are still going to have grain growers who are affected by subsidised trade despite the cuts."

THE BUSINESS COUNCIL OF AUSTRALIA

Mr John Ralph, president of the Business Council of Australia, quoted in the *Bulletin* of 11th January, 1994, said that there is still room for reform of Australian infrastructure,

work practices and virtually anything else that affects the country's competitiveness. Instead of comparing Australia's economic performance with other OECD nations, it should, he says, look to Asia, where our true competitors lie. "GATT expands the market, how well we do depends on how competitive we are."

THE AUSTRALIAN MINING INDUSTRY COUNCIL

Mr Ron Knapp of the Australian Mining Industry Council, quoted in the *Bulletin* of 11th January, 1994, said that there needs to be greater and quicker reform of the nation's ports, railways, roads and energy utilities. He agrees that Australian companies should compare themselves with Asian nations, but believes the next stage of micro-economic reform should concentrate on the external barriers to increased export performance, especially in Asia. He cites Thailand as one place where efforts to reduce barriers - and understand the market better - could produce dividends.

APPENDIX ONE:

The GATT - ITS PRINCIPLES AND OBJECTIVES

Simple principles and objectives underlie the GATT's many complicated rules. These are:

- **Non discrimination**
There should be no special favourites and no particular victims of the trading policies of any country. Trade advantages negotiated between any two GATT countries must be immediately made available to all others. Countries should not discriminate against imported products in favour of domestic products, for example, through regulations or internal taxes.
- **Protection Limited to Tariffs**
Although various new kinds of restrictions have become fashionable in recent years the GATT intention is to permit protection almost solely through the least damaging and most transparent mechanism - the customs duty or tariff.
- **Trade Liberalisation**
The GATT is not a static book of rules. It envisages continuing effort by governments to negotiate new and better marketing opportunities for their companies and products. This has been achieved, particularly, through seven trade "rounds". It is currently being pursued through the eighth round, the Uruguay Round.
- **Special treatment for developing countries**
Less developed countries have a special and differential treatment.
- **Resolution of trade disputes**
Resolution of trade disputes takes place through a unique system developed over the lifetime of the GATT. This system has helped resolve several hundred disputes through consultation and consensus.
- **Stability and predictability in trading conditions** are encouraged through GATT rules and disciplines. Tariffs, in particular, are often "bound" under the GATT. That is, countries undertake not to raise tariffs above a particular or bound level. Generally, governments should be constrained from subjecting importers or exporters to constant changes in market access, import regulations and technical standards.

- **Fair competition**

The GATT sets the basis on which countries can take action against injurious imports that are being dumped or subsidised.

APPENDIX 2:

GLOSSARY OF INTERNATIONAL TRADE TERMS

Bindings	Bindings are tariff rates that resulted from GATT negotiations and were incorporated in a country's schedule of concessions. Bindings are thus enforceable and form an integral element of the GATT. The purpose of a tariff binding is to provide greater commercial certainty by imposing a ceiling which cannot be breached.
Bound Rates	See bindings
Commodity	Broadly defined, any article exchanged in trade, but most commonly used to refer to raw materials, including such minerals as tin, copper and manganese, and bulk-produced agricultural products such as coffee, tea and rubber.
Countervailing Duties	Special duties imposed on imports to offset the benefits of subsidies to producers or exporters in the exporting country. GATT Article VI permits the use of such duties.
Dispute Settlement	Resolution of conflict, usually through a compromise between opposing claims, sometimes facilitated through the efforts of an intermediary. GATT Articles XXII and XXIII set out consultation procedures a Contracting Party may follow to obtain legal redress if it believes its benefits under GATT are impaired.
Draft Final ACT (DFA)	The Draft Final Act (DFA) was tabled in December 1991 by the Director General of the GATT, Arthur Dunkel. The DFA incorporated the results of the negotiations in all areas to that date and was presented as a single undertaking. The intention was that, if it was accepted, further bilateral and multilateral negotiations would then take place.
Dunkel Package	The Draft Final Act.
Escape Clause	A provision in a commercial agreement permitting a signatory nation to suspend tariff or other concessions when imports threaten serious harm to the producers of competitive domestic goods.

Export Quotas	Specific restrictions or ceilings imposed by an exporting country on the value or volume of certain imports, designed to protect domestic producers and consumers from temporary shortages of the goods affected or to bolster their prices in world markets.
Export Subsidies	Government payments or other financially quantifiable benefits provided to domestic producers or exporters contingent on the export of their goods or services.
Free Trade Area	A group of two or more countries that have eliminated tariff and most non-tariff barriers affecting trade among themselves, while each participating country applies its own independent schedule of tariffs to imports from countries that are not members.
Most Favoured Nation (MFN)	Most favoured nation (MFN) treatment refers to the policy of non-discrimination in trade policy employed by GATT contracting parties. It provides all trading partners with the same customs and tariff treatment.
Multilateral Agreement	An international compact involving three or more parties.
Multilateral Trade Negotiations	Seven Rounds of Multilateral Trade Negotiations have been held under GATT auspices since 1947. Each Round represented a discrete and lengthy series of interacting bargaining sessions among the Contracting Parties in search of mutually beneficial agreements looking toward the reduction of barriers to world trade.
Non-tariff measures (NTM)	Government measures other than tariffs that restrict imports. Examples include quantitative restrictions, import licensing, voluntary restraint arrangements and variable levies. For the purposes of the Uruguay Round, non-tariff measures also include domestic support arrangements that distort or impede trade, such as price support programs and production subsidies.
Quantitative Restrictions	Explicit limits, or quotas, on the physical amounts of particular commodities that can be imported or exported during a specific time period, usually measured by volume but sometimes by value.

Reciprocity	The practice by which governments extend similar concessions to each other, as when one government lowers its tariffs or other barriers impeding its imports in exchange for equivalent concessions from a trading partner on barriers affecting its exports (a "balance of concessions").
Retaliation	Action taken by a country to restrain its imports from a country that has increased a tariff or imposed other measures that adversely affect its exports in a manner inconsistent with GATT.
Round of Trade Negotiations	A cycle of multilateral trade negotiations under the aegis of GATT, culminating in simultaneous trade agreements among participating countries to reduce tariff and non-tariff barriers to trade.
Special and Differential Treatment	The concept that exports of developing countries should be given preferential access to markets of developed countries and that developing countries participating in trade negotiations need not fully reciprocate concessions they receive.
Tariff	A duty (or tax) levied upon goods transported from one customs area to another, Tariffs raise the price of imported goods, thus making them less competitive within the market of the importing country.

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