



16

PRIME MINISTER

147/93

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

URUGUAY ROUND

The Uruguay Round deal to be concluded today will deliver the largest ever world trade deal and a much needed shot in the arm for the world economy. The OECD has estimated that for agricultural and industrial products alone it will result in an increase in global economic activity of up to \$418 billion by the year 2002 when the effects will be fully felt.

Australia will benefit from enhanced market access, and more predictable market conditions. The income gain for Australia has been estimated by the OECD at \$2.5 billion per year. More recent assessments by the Industry Commission suggest that there may be as much as a \$5 billion increase in exports and a \$3.7 billion increase in Australian gross domestic product. The results include:

- . well over \$1 billion in increased agriculture exports
- . a more than fifty per cent cut on average in tariffs across Australia's manufactured exports. The tariff cuts on Australian manufactures will total at least \$400 million.
- . improved conditions of trade for our mineral exports, especially coal
- . the biggest market access tariff cutting package ever achieved - 30 times larger than outcomes achieved from previous rounds

To these figures need to be added gains from expanded services exports and increased sales and royalties for Australian know how.

Importantly, these increased export opportunities will translate into tens of thousands more jobs for Australians.

Australia can justly claim credit for its role in securing these benefits, particularly in the area of **agriculture**. As a leader of the Cairns Group, we have worked tirelessly with other like-minded countries to address the distortions in world agricultural markets - something that has eluded the world trading community for the last 45 years. The Round will see:

- a 21 per cent reduction in subsidised export volumes, an outcome that will be particularly significant in relation to Europe and the United States, our principal competitors in world agricultural markets
- limits on the extent to which governments can artificially support inefficient domestic industries
- cuts in trade barriers and improved market access for a wide range of commodities of particular significance to Australia (including rice, beef, dairy), and
- a much more predictable and transparent trading environment through the conversion of non-tariff measures to tariffs, together with commitments to reduce tariffs substantially.

There will be almost 50 million tonnes less subsidised wheat on world markets over the period 1995-2000 than if the current level of export subsidies had continued.

The difficulties Australia has experienced as a result of the US Export Enhancement Program (EEP) will also be reduced under the new export subsidy disciplines. Total allocations for subsidised wheat under the EEP scheme this year were 32 million tonnes and \$US 1 billion; by the year 2000, these will be limited to 14.5 million tonnes and \$US 364 million.

Beef, rice, and other commodities will each benefit from reductions in export subsidies. Combined with major improvements in market access, these measures open key agricultural markets and provide for expanded production.

The Andriessen assurance protecting Asian markets from subsidised EU beef exports will continue. We have also won a new assurance from the United States that EEP subsidised rice will not be introduced into the newly opened Asian markets.

Once the agreement is fully implemented, Australian farmers can expect an increase in income of around \$1 billion per year from these reforms to world agricultural trade. Australia is likely to receive:

- an extra \$340 million per year in beef exports with significant improvements in the US, Japanese and Korean markets. The US Meat Import Law which has created difficulties for Australia since 1964 will be repealed.
- \$250 million in wheat.
- \$125 million in dairy.

Producers of coarse grains, sugar, sheepmeat and rice are expected to benefit by up to \$175 million.

The decisions by Japan and the Republic of Korea to open their rice markets for the first time symbolises the high level of commitment to achieving a positive Round outcome. I recognise and pay tribute to the leadership displayed by Prime Minister Hosokawa and President Kim Young Sam on this issue. From 1995, Japan will allow in around 400,000 tonnes of imported rice or four per cent of domestic production. Over the period through to the year 2000, that access will increase to 800,000 tonnes - around double Australia's current level of total rice exports, valued at around \$230 million.

In minerals and manufactured products. Australian exporters will reap major dividends through the final across-the-board figure for tariff cuts of close to 50 per cent. And importantly, over 75 per cent of Australia's total trade will now face "bound" tariffs, increasing certainty for exporters. Key outcomes include significantly improved market access for non-ferrous metals, steel, processed foods, and a wide range of high value added manufactured exports.

An agreement has been negotiated to improve conditions of Australia's coal trade to Europe by eliminating trade barriers and securing reductions in subsidies on coal.

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

The agreement on trade in **services** will provide, for the first time, international rules that allow Australian services exports, already worth some \$15 billion, to compete on an equal footing in this fastest growing area of world trade.

The services agreement will provide important guarantees of non-discriminatory access in telecommunications with a regional market expected to grow to over \$110 billion.

Financial reform in regional markets should ensure continuing improvements to market access under the GATS.

Export prospects of business services and the professions will be improved in important markets such as legal services in Japan and insurance markets in Korea.

Australian cultural industry and intellectual property innovators will receive a boost from this outcome. Our music and film producers, writers and book publishers and computer software industry will all benefit from intellectual property and copyright protection which will result from the Trade in Intellectual Property (TRIPS) agreement.

There will also be important benefits to manufacturing exporters and business from strengthened and improved agreements on standards, anti-dumping and industrial subsidies.

On the **environment**, the Round is expected to result in agreement to a trade and environment work program for the new Multilateral Trade Organisation. The inclusion of trade and environment in the Uruguay Round agreement reaffirms the goals set at Rio de Janeiro last year and will facilitate the integration of trade and environment policies.

As I said following the Seattle Summit, I believe the GATT and APEC will perform complementary and mutually reinforcing functions. GATT sets the framework at the global level, providing a set of rules to liberalise trade in goods and services, and protecting intellectual property rights. Within this framework, APEC is there to facilitate and expand regional trade by encouraging cooperation, a greater sense of shared interests, and working towards harmonisation of rules and standards.

The successful conclusion of the Uruguay Round will fundamentally strengthen the base for Australia's economic expansion. Our export performance, one of the success stories of the Australian economy over the last decade, can only continue to improve as industry takes advantage of the trading opportunities presented by the finalisation of this marathon process.

The commitment of Australia, in its own right and as a leader of the Cairns Group of fair agricultural traders, has paid off. I would like to particularly commend the efforts of our negotiators - in Geneva, ably led by Senator Cook. Their unstinting efforts in pursuing the best possible outcome for Australia have ensured that we will benefit substantially from the opening of trading opportunities which this historic GATT deal represents.

The Uruguay Round outcome will lead to a more open and active trading system, expansion of economic activity, greater prosperity and employment. The multilateral trading system has been expanded and revitalised - this will serve Australia well into the next century. It is a fitting conclusion to the most ambitious multilateral trade exercise ever undertaken. We have had 7 long years of negotiations with 100-plus countries each vying to ensure their priorities were reflected in the final deal. It is extremely heartening that in the final days, all participants recognised that the compromises they have made are more than made up for by the benefits flowing from a successful overall outcome.

CANBERRA

December 15, 1993