
The Parliament of the Commonwealth of Australia

Australia's engagement with the World Trade Organisation

A report on the proceedings of the 2003 annual public hearing

Joint Standing Committee on Foreign Affairs Defence and Trade

Trade Sub-Committee

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Foreword

This one day hearing, convened to fulfil the terms of reference outlined below, was focused on the recent Fifth World Trade Organisation Ministerial Meeting held in Cancun, Mexico in September 2003.

The committee discussed with the Department of Foreign Affairs and Trade, a range of trade economists and trade experts the conduct of the Cancun meeting and its implications for this the Doha Round of WTO negotiations on trade liberalisation.

Recognizing the fact that expectations for the Cancun meeting were not realized, the committee believes that none the less it remains an important marker of progress within the Doha Round, originally planned to run from 2001 to 2005.

The report is divided into three sections: issues related specifically to the Cancun meeting; structural issues for global trade and WTO reform; and other global trade issues affecting the WTO.

Although a range of the issues covered in the hearing and in this report remain unresolved, several important points emerged from discussions. In the first section of the report the committee noted that negotiations at Cancun had been mishandled in a strategic sense. Although the US and the EU bore a degree of the responsibility as major participants, the G90 and the new G20 negotiating group and its constituents were also influences on the outcome.

A noticeable new force in negotiations was that of development NGOs, some of them anti-trade and anti-WTO, taking part in negotiations through supporting country delegations.

Cancun's outcomes did not develop in isolation however. They were born of more substantial issues within the world trading system and the WTO. The second section of the report looks at what sorts of reforms might add to the workings of the WTO.

Of greatest interest to the committee was the so-called politicisation of the WTO stemming from the dramatic growth in membership in recent years. The WTO's

almost global membership has brought with it a range of problems experienced by other global organisations such as the United Nations.

New forms of trade protectionism were discussed including the misuse of the WTO's anti-dumping provisions and the development of new non-tariff barriers to trade.

The last section of the report deals with other issues affecting global trade. One of the main trade debates in Australia was examined: that of the relative merits of multilateral trade liberalisation with respect to bilateral or regional trade liberalisation.

Although this complex issue cannot be easily resolved, it is clear there is no real alternative for Australia to a strong and active multilateral system. Accordingly the committee believes Australia is effectively pursuing trade liberalisation, through a broader strategy incorporating both multilateralism and bilateralism (through competitive liberalisation).

The Trade Sub-Committee would like to acknowledge the Department of Foreign Affairs and Trade and the participants who contributed their time and expertise to assist in keeping the parliament informed of these important issues in trade policy. The committee would also like to thank the secretariat of the Trade Sub-Committee for the conduct of the hearing and the preparation of this report.

The Hon. Bruce Baird MP
Chair

Trade Sub-Committee

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Hon W E Snowden, MP

Hon A M Somlyay, MP

Mr C P Thompson, MP



Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade on 29 August 2001 resolved to undertake continuous and cumulative parliamentary scrutiny of the World Trade Organisation. It will take the form of an annual one-day public hearing on the WTO with specific reference to its progress towards trade liberalisation and the implications of its activities for Australia.



List of abbreviations

Cairns Group	Cairns Group of agricultural producers
CER	Closer Economic Relations (between Australia and New Zealand)
DFAT	Department of Foreign Affairs and Trade
EU	European Union
FTA	Free trade agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement in Tariffs and Trade
G20	Group of 20 developing nations formed before Cancun meeting 2003
G90	The G90 is a tripartite alliance of the Africa Union (AU), the African, Caribbean and Pacific Group (ACP) and Least Developed Countries (LDCs), forming a majority of developing countries in the WTO.
NGO	Non government organisation
PTA	Preferential trade agreement
UN	United Nations
US	United States of America
WTO	World Trade Organisation



List of recommendations

Recommendation 1

The committee recommends the government develop new ways of supporting strategic trade related technical assistance in key developing WTO member countries. Any measures should include supporting the capacity for quality trade analysis and any structural adjustment which might flow from liberalising trade. Such measures should aim to promote domestic constituencies for trade liberalisation in those countries.



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