

Introduction

- 1.1 In recent times the multilateral path to freer global trade has become more difficult. As World Trade Organisation (WTO) membership expanded dramatically through the 1970s, 1980s and 1990s negotiating rounds have become more complicated and therefore slower. This trend culminated in the Uruguay Round which took eight years to negotiate (1986-94) and is evident in the very ambitious Doha Round (2001-2005) which is well behind schedule.
- 1.2 In response to the growing complexity of global trade liberalisation, governments have sought alternative strategies to liberalize trade. A range of countries (including Australia) have entered into preferential trade agreements (PTAs) to keep liberalisation momentum. Through this 'competitive liberalisation' of countries entering various bilateral trade deals it is hoped that momentum for universal trade liberalisation will be maintained or enhanced.
- 1.3 This trend raises the difficult national issue of deciding which strategy is most likely to deliver Australia improved trade outcomes – increasingly complex multilateral negotiations or a range of more limited but readily implemented bilateral trade deals, or indeed some combination of the two.
- 1.4 The current hearing is the result of the Parliament's need to be informed about these complex issues of trade policy.

Background to the hearing

- 1.5 In September 2001 the Joint Standing Committee on Treaties undertook an inquiry into Australia's relationship with the WTO entitled 'Who's afraid of the WTO? Australia and the World Trade Organisation'. It was the first analysis of Australia's engagement with the body since its formation in 1995.
- 1.6 Among other things it recommended:
- greater focus within DFAT for trade policy development and public outreach;
 - closer consultation with the states on trade policy issues;
 - the development of an Asia Pacific Regional Centre of the WTO to be a negotiating venue and capacity building training centre for WTO advocacy;
 - the establishment of a Joint Standing Committee on Trade Liberalisation to provide 'a conduit to increase understanding between governments, industry and the community'¹ in the critical area of trade liberalisation.
- 1.7 In 2001, through the review of Annual Reports process, the Joint Standing Committee on Foreign Affairs Defence and Trade undertook to annually review Australia's engagement with the WTO through a one-day hearing.
- 1.8 In its first annual review hearing which was held on 23 August 2002, the Trade Sub-Committee decided to focus on the prospects of the Doha Round negotiations. The discussions covered market access issues in the key negotiating areas of agriculture, services and industrials, and the issues of intellectual property, trade and environment, and special and differential treatment of developing countries.
- 1.9 Recently the Senate Foreign Affairs Defence and Trade Committee undertook an inquiry into the General Agreement on Trade in Services and Australia/US Free Trade Agreement. Its report entitled 'Voting on trade: The General Agreement on Trade in Services and an Australia-US Free Trade Agreement' was tabled on 26 November 2003.

¹ Joint Standing Committee on Treaties, *Who's afraid of the WTO? Australia and the World Trade Organisation*, September 2001, p xii.

- 1.10 This, the second one day hearing into Australia's engagement with the WTO, aims to continue the analysis in light of recent events. The two key recent developments are the failure of negotiations at Cancun and Australia's recent efforts in the pursuit of bilateral preferential trade agreements (PTAs).
- 1.11 The committee hopes that this analysis of a range of trade related issues contributes to informed debate on these important issues within the Parliament and the Australian community.

Structure of the report

- 1.12 The 2003 hearing was conducted on Monday 24 November in Canberra. It was broken up into four sessions, each with a theme. The four sessions were:
- Session 1: What caused the Cancun collapse?
 - Session 2: New WTO country groupings and their implications for the Cairns Group and Australia.
 - Session 3: Odds of a successful completion of the negotiating round. Possible alternative outcomes.
 - Session 4: The future of Australian engagement with the WTO: bilateralism or multilateralism?
- 1.13 The program for the hearing and a list of participants is included in Appendix A. The Committee planned for discussions to be focused on key issues coming out of the Cancun meeting and accordingly invited mainly trade economists, trade officials and other trade specialists. Accordingly the report reflects specialist or technical views on the trade issues discussed. In future years when undertaking subsequent annual reviews the Committee reserves the right to seek a broader range of views on Australia's engagement with the WTO.
- 1.14 Due to the complexity of the issues involved, there was overlap of discussion of certain issues across different sessions.
- 1.15 The committee preferred to report on the hearing by themes, as they emerged during the hearing.
- 1.16 Accordingly the report is broken into 3 substantive chapters, which differ somewhat from the themes in the program. The themes are:

- Chapter 2 – Issues specific to the Cancun meeting
- Chapter 3 – Structural issues underlying the Cancun meeting
- Chapter 4 – Other global trade issues affecting the WTO