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THE PRESS CONFERENCE IN CANBERRA ON
THURSDAY, APRIL 26TH.

BRITAIN AND THE COMMON MARKET

Statement by the Deputy Prime Minister and
Minister for Trade, the Rt. Hon. John McEwen

Mr. McEwen said today that the intensive discussions on which he had been engaged abroad had fully confirmed his earlier judgment that many Australian export industries could be faced with immense problems if Britain joined the European Common Market without special arrangements to protect our interests.

Mr. McEwen was speaking on his return from a seven weeks visit to North America and Europe. In the course of his overseas journey, Mr. McEwen visited Washington, Ottawa, London and the capitals of the member states of the European Economic Community. He said that he had talked with President Kennedy, Mr. Macmillan, President de Gaulle, Mr. Diefenbaker and senior Ministers in all the countries which he had visited. In London he had several meetings with the group of senior British Ministers handling the Common Market negotiations. In Brussels Mr. McEwen also had discussions with Professor Hallstein, President of the European Economic Commission and Mr. Mansholt, Vice-President responsible for agricultural matters within the Common Market.

"As I made clear before I left Australia", Mr. McEwen said, "I was not myself engaged in negotiations. Australia is not a party to the Brussels negotiations. We are, however, vitally concerned with many aspects of them. My task was to ensure that at the highest possible political level the critical issues at stake for Australia were fully understood by those Government leaders whose views and policies would determine the outcome of the negotiations".

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Mr. McEwen said that his discussions had been frank and uninhibited. "I explained very clearly," he said, "that the Australian Government greatly valued a unified, strong and prosperous Europe. The Rome Treaty had this as an objective. We believe that the accession of Britain to the Common Market could contribute to this objective. As a staunch and unwavering partner of the Western allies, Australia, no less than the European countries themselves, welcomed any development which strengthened the free world as a whole".

"But I made it equally clear", the Minister continued, "that our Government's view was that the strength and unity of the West, far from being strengthened, could be seriously impaired if the British Commonwealth were divided and its members weakened by a failure to take into account and accommodate the vital interests of Commonwealth countries in the maintenance of their long standing trade and economic ties with Britain".

Mr. McEwen said he had explained that Australia's rights of unrestricted duty free entry into the British market for most of our export products had been in existence for more than a hundred years. The contractual arrangements under which reciprocal tariff preferences are provided have extended over thirty years. Many of our great primary industries had been developed as a deliberate consequence of our contractual rights, and some of them were crucially dependent upon their preferential access to the British market for their survival as profitable industries. Some secondary industries had succeeded in penetrating the British market with the benefit of preferences.

If Britain should join the Common Market without special arrangements being made to safeguard Australian interests, there would be damage to Australian industries at present exporting to Britain products valued at about £160 million a year. Many would be seriously affected. Commodities affected include wheat and other grains; butter, cheese and processed milk products; meats; sugar; fresh, canned and dried fruits; wine; lead and zinc; some

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manufactured goods and a whole range of agricultural products and processed foodstuffs. Instead of these goods entering the British market free of duty, as they do now in almost all cases, they would have tariff duties and import levies charged against them. They would lose the important tariff preferences nearly all of them now enjoy against non-Commonwealth suppliers.

The Minister said he had emphasised in his talks that what was at stake for Australia was not just a matter of the possible loss of export earnings - although this in itself was a matter of real importance since Australia's economic growth and development was heavily dependent upon our ability to expand our export receipts.

The real issue at stake was the future livelihood of those Australians - farmers, miners and factory workers - whose products are largely exported to Britain. Indeed, even manufacturing industry supplying the home market could be affected if our capacity to earn foreign exchange becomes insufficient to provide us with all the raw materials, components and plant which our factories need to maintain their production. The future of whole communities, such as the towns and cities of the sugar producing areas, and the irrigation districts, and isolated mining centres, were deeply involved. In the end result, few Australians would not be affected one way or another.

Mr. McEwen said he had explained that these were the kind of problems which the Brussels negotiations raised for Australia. He had pointed out that the opportunities and advantages we had enjoyed for so long were not a one-sided affair. They were balanced by the reciprocal tariff preferences which Britain enjoyed in the Australian market and which in total over forty years had resulted in Australia, despite our small population, being the biggest single market for British goods, consequently providing more jobs in British factories than any other country. "Over the decade of the 1950's", Mr. McEwen said, "each Australian bought an average of £34 worth of British goods a year. The people living / in the Common

in the Common Market countries bought about £3 worth per head a year from Britain and United States citizens bought less than £2 worth".

Mr. McEwen said that these were the facts and circumstances which made Britain's application for membership of the Common Market of such historic importance for Australia and Australians. His task had been to ensure that Government leaders in Europe and in the United States understood the stark realities of the situation for us.

"Despite the unremitting efforts which the Government has made since the possibility of Britain joining the Common Market emerged for the first time in the middle of last year, I found that many of the Government leaders to whom I talked did not fully comprehend our position. I am confident that my discussions succeeded in registering with them very clearly the strength of the argument why the interests of Australia and other Commonwealth countries in the British market should not be impaired. Without exception, I found that as a result of my explanation of our circumstances, there was a much better understanding of our case and, I believe, a more sympathetic comprehension of our problems."

"Nevertheless", Mr. McEwen said, "I am bound to say that I am far from satisfied that this genuine sympathy and understanding will necessarily be translated into practical arrangements to adequately safeguard our interests. From the outset of the negotiations the British Government has said that it would not feel able to enter the Common Market unless important Commonwealth trading interests were protected. This, of course, is of tremendous importance and only time will tell whether the special arrangements necessary to give effect to this declaration can be secured from the Common Market Governments".

Mr. McEwen said one of the most disturbing elements in this very complex situation was the American attitude towards the retention of the British preferential trading system which was so

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vital to Australia and to the continued unity and strength of the Commonwealth. Despite the strong representations which he had made in Washington, he was unable to say with any real confidence that the pervasive influence of the United States in Europe would not operate towards the dismantlement of the existing Commonwealth preferential system in its own self-interest.

Although United States spokesmen had said that some transitional period of adjustment was necessary, the United States Government appeared to be clearly against what it would regard as the continuation of the preferential system through special arrangements made to meet Commonwealth trade problems if Britain were to join the Common Market.

Mr. McEwen said that Australia would not be tranquilised with transitional arrangements. These would be no concession to Australia. The Europeans were arranging this as a matter of course between themselves. He was concerned with permanent arrangements that would safeguard Australia's vital trade interests and allow the necessary economic development to continue without serious setback.

Moreover, he had put forward forcibly the view that the G.A.T.T., which was the main instrument of the United States' post-war trade policies and which stood for no new preferences, recognised and accepted the existing preferential structure. If it had not done so, Australia would never have joined the G.A.T.T. Neither would any other Commonwealth country; and the G.A.T.T. would probably not have come into being.

He had argued that Australia and countries similarly placed already had a sense of frustration about the disparity of trading opportunities between the highly industrialised countries on the one hand and exporters of primary products on the other. This must inevitably turn to a sense of real grievance if the United States were to use the incident of Britain's application to join the Common Market to seek to kill our preferences and obtain profit in the process by benefitting / at the

at the expense of our trade in the United Kingdom, and British trade in our market.

Mr. McEwen said that his arrival in Europe had been timed to enable him to press the Australian Government's desire to have its own representative explain to the officials conducting the negotiations in Brussels the facts of Australia's trade interests in the British market, and the vital importance to Australia that these interests should be preserved. This opportunity had been secured and the case was in fact being put today in Brussels to the negotiating Committee of the Common Market and Britain by Dr. Westerman, Permanent Head of the Department of Trade.

Mr. McEwen said that the decision of the E.E.C. Ministers to invite an Australian representative to present the Australian position fully justified the stand which the Australian Government had consistently taken that no-one could put the case for Australia as well as Australia itself.

Mr. McEwen said that the Australian approach to the negotiations in Brussels has always been positive and constructive. He said that in his talks in Europe and elsewhere he had discussed the kind of arrangements which might not only protect Australia's trade interests but should be acceptable to the Common Market countries and to third countries such as the United States. Possible arrangements had been discussed with representatives of major Australian industries, which the Government had arranged to go to London to provide practical assistance to Dr. Westerman in the preparation of the Australian case. Mr. McEwen said he was grateful for the co-operation of the industry advisers and the assistance which their knowledge would bring to bear on the many problems involved.

Mr. McEwen said that he would be making a full report on his visit to his Cabinet colleagues early next week, after which he expected to make a statement to Parliament.

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Canberra, Thursday April 26th, 1962.