



STATEMENT BY THE RT. HON. J. McEWEN,
ACTING PRIME MINISTER AND MINISTER FOR TRADE AND INDUSTRY,
ON HIS RETURN TO AUSTRALIA FROM OVERSEAS, 28th JUNE, 1966

The Acting Prime Minister and Minister for Trade and Industry, Mr. John McEwen, returned to Australia today, following trade discussions and negotiations in the United Kingdom and Europe.

Mr. McEwen said that the primary purpose of his visit was to attend the Commonwealth Trade Ministers' Meeting in London, from 13th to 16th June.

"The range of items raised at this meeting," said Mr. McEwen, "included several that were of major importance to Australia. The Meeting also afforded the opportunity for bilateral talks before and during the Conference with Ministers from other Commonwealth countries on matters of significant interest to Australia and these individual members of the Commonwealth."

UNITED KINGDOM AND EUROPE.

Mr. McEwen said the Meeting of Commonwealth Trade Ministers was given added emphasis and importance by the recent statement of the United Kingdom Government that they would be ready to enter the European Economic Community, provided essential British and Commonwealth interests were safeguarded.

The Meeting received the assurance of the British Government that there would be made available to Commonwealth Governments the maximum information possible on the progress of exploratory discussions with the E.E.C., and that at all stages of any negotiations there would be close consultation with other Commonwealth Governments.

The Minister said the attitude of the Australian Government towards British entry to the E.E.C. was the same as it had always been since the possibility of British entry had arisen; namely, that the decision as to whether or not Britain should enter Europe was one for the British Government alone.

"But if such entry were being actively canvassed," said Mr. McEwen, "then the time for consultations with Australia on matters which vitally affected our trading interests was 'earlier rather than later'. As had been the case during Britain's negotiations with the Community in 1961 and 1962, we wanted to be sure that both Britain and the Six clearly understood the extent of the dependence of certain Australian industries on their right to sell on the British market. Following the London discussions, I have no doubt that opportunities for the necessary consultations will be afforded Australia."

COMMODITIES.

Mr. McEwen said that one of the major items discussed at the Commonwealth Trade Ministers' Meeting was the disturbing trend of prices for a number of primary commodities which were of crucial importance to many Commonwealth countries.

The ruinously low price of sugar on the so-called "free" market is the most serious and immediate commodity price problem facing Australia and the many other Commonwealth countries which are important sugar exporters.

Mr. McEwen said that, of the total world consumption of sugar of around 60 million tons, about three-quarters was consumed in the countries in which it was produced. Producers obtained the benefits of protected local markets for this share of the total market. The remaining one-quarter of total consumption represented sugar traded internationally. About half of this amount was bought and sold in accordance with inter-Governmental agreements or special arrangements, under which sugar exporters obtained fair and reasonable prices. The remaining seven or eight million tons, however, was sold on the "free" market, and the prices received for "free" market sales - the so-called "world price" of sugar - drastically affected the position of sugar producers in countries which sold large quantities of sugar on the "free" market.

In the case of Australia, almost three-quarters of our exports from the 1966 crop will be sold at prices based on the "free" market quotations. A variation of £5 stg. per ton in the "free" market price could mean about \$16 million to the Australian sugar industry and, of course, also to the Australian balance of payments.

At the time of the London meeting, the so-called world price of sugar had fallen to less than £17 stg. per ton for raw sugar, the lowest level since the 1930's. It had since fallen to £16 stg. per ton, less than half the price required to provide a remunerative return to even the most efficient sugar industries in the world.

Mr. McEwen said this was an intolerable situation. "The present 'world' price," he said, "means a return of less than 2 cents a lb. to exporters of sugar, whereas the average price paid by consumers is about 8 cents per lb. in terms of raw sugar. International action to raise substantially the 'world' price of sugar is an urgent necessity."

Mr. McEwen said that, unfortunately, negotiations aimed at securing a new and satisfactory International Sugar Agreement were not making the progress which had been hoped for. The unanimous declaration by Commonwealth countries at the London meeting of Trade Ministers that they would join in supporting effective arrangements to get a better sugar price was a most helpful step forward.

In his opinion, the Meeting of Commonwealth Trade Ministers had been most worthwhile if for no other reason than that Ministers from all countries had declared themselves, unanimously and unambiguously, as being determined to achieve an improvement in the sugar price situation.

Mr. McEwen said that he had referred particularly to sugar because this is a commodity of paramount importance to Australia and to the development of the North, and to many other Commonwealth countries. But the Meeting had also considered the

problems of other bulk commodities and the action needed to improve the conditions of trade in regard to them. Wheat, meat and dairy products are examples of bulk commodities of particular interest to Australia, while tin, rubber, cocoa and coffee are among commodities of great concern to a number of other Commonwealth countries and to Papua and New Guinea.

The Meeting had agreed on the objectives to be sought in present and future international commodity negotiations on these commodities. Mr. McEwen said he was sure this would result in Commonwealth countries better concerting their efforts in working for improved trading arrangements for the major commodities.

KENNEDY ROUND.

Another major item was discussion of the GATT Kennedy Round of trade negotiations. This, too, was a matter of urgency, since progress in the negotiations had been very slow. The authority given by the United States Congress for United States participation lasts for barely another year.

Commonwealth Trade Ministers were all agreed that the potential benefits of the Kennedy Round were such that the Commonwealth should, as a group, do everything possible to bring a sense of urgency to the negotiations.

Mr. McEwen said that, if the Kennedy Round failed to produce worthwhile results, there could well be a widespread sense of disillusionment against the ideals of multilateralism in world trade. This might then lead to a tendency towards groups of countries combining to form highly protective trading blocs. The European Economic Community - possibly enlarged - could be one such bloc; the countries of the North and South American continents another; and the Communist countries a third. Australia, and other countries not easily falling within such groupings, could find themselves isolated and confronted with new restrictions on their trade opportunities.

At a time when the growth and prosperity of Australia, and indeed of every country, depends so much on maintaining a continued expansion of exports, such a development would be deplorable. It is, indeed, a major reason why a successful outcome of the Kennedy Round is of fundamental importance.

Mr. McEwen added that, if the Kennedy Round failed, and there followed the emergence of a series of powerful trading blocs, the many new and developing nations of the world would, no doubt, be forced to seek attachment to one or another of the blocs. This, he said, could provide a fertile field for political competition in which he could see nothing but danger and tension - the very reverse of the objective of maximum freedom in trade and other matters which we believe in, and towards which the United States Government, in launching the Kennedy Round, had taken a leadership initiative.

OTHER SUBJECTS.

Mr. McEwen said that a number of other subjects were discussed at the Trade Ministers' Meeting, ranging from trade in manufactured exports from the lesser developed members, to the trade promotion efforts of developing countries and means of stimulating tourism. "In all cases," said Mr. McEwen, "Commonwealth Ministers were able to reach agreement on the most useful means of co-ordinating Commonwealth efforts in these fields."

The Minister said he was particularly heartened by the support expressed by developing Commonwealth countries for the Australian initiative in legislating for a system of preferences to apply to a range of products of interest to developing countries. "These new nations," said Mr. McEwen, "need more than grand declarations if they are to grapple successfully with the vast economic difficulties facing them, and avoid the political trouble that so often accompanies such difficulties. The Australian initiative was widely acknowledged to be one of the few positive steps that have yet been taken by any country specifically to help the trade problems of the developing countries."

TRADE PUBLICITY.

Whilst in London, Mr. McEwen said, he had also taken the opportunity to assess the progress being made in the campaign to promote Australian meat, dairy products, fresh, canned and dried fruits, eggs, other processed foodstuffs and wine.

Total expenditure in Britain on the promotion of Australian products amounts to several million dollars a year. The Commonwealth Government and Australian primary producers and exporters, through the Marketing Boards, subscribe directly \$1.1 million. This co-operative effort attracts associated expenditure by exporters and British importers of Australian products of very substantial additional funds.

"I am sure," Mr. McEwen commented, "that this trade publicity programme has done much to create and encourage the demand for these Australian products in the United Kingdom market. Without it, the returns to a wide range of Australian producers would have been considerably lower."

Mr. McEwen added that, in recent years, a much greater emphasis had been given to the promotion of Australian products in markets other than Britain. He said: "We are producing more; our development needs require ever-increasing earnings of foreign exchange; and there are uncertainties about Britain's ultimate action in regard to the Common Market. All these considerations make it necessary that we exploit every possible marketing opportunity."

TRADE AGREEMENTS - BULGARIA AND POLAND.

Mr. McEwen said that, following the London meeting, he had visited Poland and Bulgaria and had concluded trade agreements with these countries.

Mr. McEwen said that Australia had given most-favoured-nation tariff treatment to Poland and Bulgaria for many years. However, exporting to countries which controlled their imports by measures other than tariffs had no predictable basis.

As a general rule, such countries prefer to buy from countries with whom they have trade agreements. In recent years, many Western countries have negotiated trade agreements with nations of Eastern Europe.

The Minister said that, last year, Australia concluded a reciprocal, most-favoured-nation Trade Agreement with the Soviet Union. Following this, Poland and Bulgaria had sought trade talks with the object of concluding similar agreements. His visit and the Trade Agreements which had been signed were the outcome of these requests.

Mr. McEwen said the new Agreements accorded to Poland and Bulgaria, as of right, the most-favoured-nation tariff treatment they had hitherto enjoyed. From the point of view of Australia's interests, we now also have assured entry to these markets on the equivalent most-favoured-nation basis.

Mr. McEwen added that Australia enjoyed a favourable trade balance with both Poland and Bulgaria - a substantial balance in the case of Poland, which was a valuable buyer of Australian wool. Both countries were undertaking industrialisation programmes, with heavy investment in a wide range of manufacturing industries. This offered the prospect of increasing opportunities for the sale of Australian raw materials and possibly also beef, mutton and other foodstuffs. At the same time, it could be expected that the products of the new manufacturing industries in Poland and Bulgaria, which are already significant exporters of certain specialised types of machinery, would be of increasing interest to Australian industries. The new Trade Agreements would provide a very useful framework for the development and expansion of Australian trade with Poland and Bulgaria.

Sydney,
28th June, 1966.

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