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U.S. BALANCE OF PAYMENTS

AUSTRALIA - U.S. DISCUSSIONS

JOINT COMMUNIQUE

The Economic Committee of Australian Cabinet and associated officials met today with the U.S. Under Secretary of State for Political Affairs, Mr Eugene V. Rostow, and his party. The discussions continued throughout the day.

Mr Rostow came to Australia as special envoy of President Johnson for the purpose of explaining and discussing the short and long-term implications of the United States balance of payments measures announced on January 1 by the President.

The talks were penetrating and frank.

The Australian Government expressed full and immediate understanding and acceptance of the necessities which led the United States to take its action, and expressed its support for the overall objective of achieving a viable system of international payments adequate to the needs of an expanding world economy. It acknowledged the President's clear intention to develop his programme of action without sacrifice of U.S. commitments in the field of security or of its contribution towards the needs of the developing world. This the Australian Government applauded.

The Australian Government noted that the proposed adjustments were directed more particularly towards the countries in balance of payments surplus and expressed the hope that these countries would co-operate with the United States and other countries to achieve the goals of the programme.

The Australian Government gave a first assessment of how some of the measures might affect Australia's economic position, and explained the special circumstances of Australia's balance of payments and reserves position arising from its economic developmental needs and its defence commitments in the South-East Asian area. Ministers referred to the common interests of Australia and the United States in world trade, in security, and in aid to developing countries.

They expressed the view that the particular combination of circumstances affecting the Australian balance of payments made it necessary in the interest of both countries to keep any adverse effect of the U.S. measures to a minimum.

To ensure this, there had to be a full understanding of the consequences of the U.S. proposals. These consequences would become apparent as the situation developed, and would require careful study over

a period of time. For this purpose, close consultation at both the political and the official level would be maintained so that the special interests and concerns of the Government of Australia would continue to be taken into account at every stage of the development of the United States programme.

It was agreed that both Governments would work together with other governments in their continuing effort to build a unified and growing world economy based on the principles of international co-operation and international responsibility.

CANBERRA,
5 January, 1968.