



PRIME MINISTER

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EUROPEAN RESTRAINTS ON STEEL IMPORTS

The Prime Minister said today that the European Community was again pursuing courses in its trade relations which were inimical to the free flow of world trade. Mr Fraser said that his Government's view of the Common Agricultural Policy was well known.

It would continue to argue for modifications of that policy. Further, it would continue to argue for modifications in the Community's policies of subsidising the export of surplus agricultural products, produced as a result of inflated domestic prices at the expense of other traditional markets such as Australia.

During his visit last June, the Prime Minister said he had expressed concern that there were signs that more of these agriculture-type policies were starting to appear in other areas of EEC activity.

Australian steel exports had been threatened last June and the EEC was now seeking to apply restraints on steel exports to the European Community on a very wide scale.

Exporters to Europe would virtually be forced to seek bilateral agreements with the Community based on minimum prices and maximum quantities or else face countervailing duties which would probably exclude them from exporting to Europe altogether.

The Prime Minister said he found it difficult to understand the Community's unilateral measures, particularly as the Community's steel industry had consistently supplied around 90 percent of its own market.

It also exported about twice as much as it imported.

Published statistics clearly showed that in the first nine months of 1977, while imports of steel products into the Community rose by 2 percent compared with the same period in 1976, exports rose by 29 percent. In this situation, the Community could hardly claim that imports were causing major damage to its own industries.

He said it looked as though the European Community was seeking to make the iron and steel industries in countries such as Australia which were themselves facing problems as acute as those of the EEC, carry an unfair share of the burden of the recession in the steel industry in Europe.

The across-the-board measures introduced by the European Community appeared to have scant regard for the fact that the recession in the steel industry extended beyond the bounds of Europe. It was a world-wide recession.

The Prime Minister said that the measures, if applied to Australia, could have a very adverse effect on our exports to the EEC and consequently on production and employment levels in Australia's iron and steel industry.

Total Australian exports of finished and semi-finished steel products subject to the EEC measures of around \$A45-50 million per annum could be placed at risk.

The Prime Minister noted that imports of steel from Australia constituted only a small proportion of Community consumption of steel, somewhat less than one-half of one percent, and a high proportion of this was feedstock or semi-finished steel for the Community. Very little was in finished forms which accounted for over 65 percent of total steel imports into the EEC in 1976-77.

Australia exported less than \$A 1 million of finished steel products to the EEC in 1976-77, while Australia imported just over \$A12 million of these products from the Community, a net advantage to the Community steel industry of around \$A 11 million.

The Prime Minister said that his own discussions in Europe had been followed with very useful discussions between Mr Howard, the Commission and the members of the Community.

The next round of consultations would be undertaken by Mr Garland the Minister for Special Trade Representations. Mr Garland stood ready to visit the Commission at any time, but present advice was that the Commission would not wish to resume discussions until after a number of developments in the first quarter of 1978, including the French elections.

The Prime Minister said that in a letter to the President of the Commission, Mr Jenkins, he said that it would be quite unreasonable for the Commission to seek to apply its current measures to Australia pending those joint trade discussions. If there was a need, Mr Garland could visit Brussels at a moment's notice.

The Prime Minister went on to say that the essential aim of the continuing discussions between Australia and the Commission was to find ways in which the trading relationship between Australia and the European Community could be placed on a more equitable and mutually beneficial basis.

He said that it would be most undesirable if restraints were placed on Australia's exports of steel in the midst of continuing discussions as this could jeopardise the common objective of improving trade relationships between Australia and the EEC.
