



# PRIME MINISTER

FOR PRESS

23 APRIL 1978

## ELECTORATE TALK

A new and significant stage has now been reached in the development of the relationship between Australia and Japan following our discussions in Tokyo this week.

Trade issues that involve only Australia and Japan - issues that are regularly discussed by Ministers and officials - were put aside. Instead, Prime Minister Fukuda and I turned exclusively to the much broader problems of world trade and the world economy.

Although these topics may seem remote and not of direct concern to Australians, the fact is what happens to world trade is of vital importance to our country because, like Japan, we are most dependent for our continued prosperity on the sustained growth of world trade.

It is in Australia's interest as a major trading nation that world trade become freer and expand, because it will have a direct effect on what we sell, what we produce, and what we export. This in turn will have a direct impact on our living standards, and will help create new jobs for Australians.

The aim of my discussions with Mr. Fukuda was to explore informally our concern about the direction of international trade and the world economy. I am now aware that there is a significant degree of common accord between Australia and Japan about the problems the world faces. There is also a real understanding about the kind of solutions that we all want.

Our talks in Tokyo this week took place at a critical time. Heads of Government throughout the world are holding a series of important meetings throughout the first half of this year. These will have a lasting influence on how the world faces up to the difficulties confronting trade, and the question of raising the living standards of the developing poorer countries.

There is an urgent need to find solutions to widen the basis for an equitable expansion of world trade. It is also vital that this is not confined to the major countries - developing countries must also be involved if the world is to realistically expect success.

Australia and Japan are great trading nations. Japan is the third largest in the world while our trade with one another is the seventh largest. We therefore together have a major contribution to the international discussions designed to make sure that the right decisions are made at this critical time.

In the multilateral trade negotiations that have been taking place between the major nations since 1973, discussions have centred on industrial and manufactured goods.

Australia strongly believes that the scope of the MTN must be widened. We believe agriculture must be included in the negotiations if we are to achieve the objective so necessary to regenerate world trade.

Offers have been made by the major industrial nations for a 40 percent drop in tariffs in manufactured goods, starting in 1980. This formula sound impressive, but what does it mean? Average industrial tariffs are about 10 percent. As cuts will be phased in over eight years - that is about half a percent per year - this is hardly a major catalyst to encourage world trade. For these reasons Japan understands why we will continue to press forcefully for agriculture to be included in the MTN discussions.

An associated and central problem to all these issues is the relationship between the developed and developing countries, and the desire of the developing countries for a secure and stable income for the commodities they produce. In Australia, we have particular experience in testing the merit of stabilisation schemes - our wool marketing arrangements are a fine example of how the long term interest of both the consumer and producer are protected.

On this question, an international proposal for a Common Fund to finance a program of commodity price stabilisation has been proposed, however progress has stalled on a number of issues, including the question of direct contribution by governments.

We believe that governments should support such a Fund directly. There is an obligation on governments for direct involvement and concern. The Japanese Government appreciates Australia's concern on this matter. Both countries have now agreed that our senior officials will consult together to find ways of bringing the various world views on this key question together.

During discussions with Mr. Fukuda - and throughout extensive discussions between officials - we found a great measure of agreement on objectives and ideals to try and find solutions to the world's trade and economic problems.

Japan greatly appreciated that we came not to haggle or barter over products, but to discuss global economic concerns. Japan welcomed this opportunity to canvass areas of co-operation in looking to global solutions.

I believe our talks this week demonstrate our commitment to continue to act as a responsible member of the international community.

Australia today has international obligations. These will be met. It is no longer good enough for an Australian Government to say that other nations are larger, more powerful and that these questions are best left to them. We have a responsibility to our own people to act in their interests in every way.

1978 could well be a watershed in events that will dictate the world economic climate for the remainder of the century. Australia, as a major trading power, has so much at stake. We recognize the limits of our influence on world economic affairs but it is our responsibility and obligation to act in the interests of all Australians in international forums at every possible opportunity. If we do not attempt to act with our utmost vigour, history could well condemn us.

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