

INTERVIEW WITH DUNCAN FAIRWEATHER

QUESTION: Prime Minister, you got a sympathetic hearing in Europe, what realistic hopes do you have that Australia's case will be accepted by the Common Market?

PRIME MINISTER: I believe that Australia's case is now better understood than it's ever been. We also have the circumstances in which the United States has said that they will walk away from these trade negotiations unless agriculture is included. Now when I spoke to Mr. Jenkins he made it perfectly plain that the result in Geneva would be unreal for Australia, of no use to Australia, unless it opened up the reality and the prospect of trade in beef with the European Community, for example and it was the first time that I had heard him talking in those terms, even about the prospect of trade in a realistic way. So, I think the chances are better than they have ever been. I also think that it's vastly important because these trade negotiations are going to set the pattern of world trade for many years ahead and Australia is a very significant trading nation who can't afford to ignore or be shut out of one of the largest and most affluent trading blocs the world has ever seen. I know quite well that our markets in other parts of the world, in Asia and Korea and Japan and Southeast Asia, are going to expand and grow both ways and a great deal of attention is being devoted to that but it's in Europe, where these non-tariff barriers, discriminatory practices, are pursued.

QUESTION: There's been some criticism that you may have harmed Australia's relations with the EEC by speaking out so frankly and openly in Europe. Why did you decide to go there to conduct this campaign rather than leaving it to Mr. Garland or the normal diplomatic avenues.

PRIME MINISTER: There are two matters you see. The bilateral matter has principally been handled by Mr. Garland but the final discussions that we were having with the European Community was coinciding in the run-down period for the Multilateral Trade Negotiations which began in 1973. They are meant to come to a conclusion in July of this year and that's only a very short time away and the Government felt, I felt, that the matters were so serious that Australia's view needed to be pressed with the utmost vigour and with all the force at our command and that's why this visit was undertaken, to add what weight we can to making these trade negotiations a success, to opening up world trade. Not just for industrial goods but for agriculture and for commodities because unless that happens I think we could well face a very difficult trading future. What happens this year is not just going to affect this

PRIME MINISTER: (continued) year, it will set the pattern for many years ahead and it's going to affect the livelihood and the well-being, therefore, of all Australians.

QUESTION: There's a meeting of the seven economic powers in Bonn next month. What influence are they going to have on the sort of outcome that you are looking for?

PRIME MINISTER: Well if they have a good constructive meeting amongst themselves, obviously that will help to set the outcome for a constructive result of the trade negotiations. If they ended up by going in every different direction, obviously that wouldn't help. I don't really expect enormous results out of that Bonn summit. If you look at past summits, statements have been made which all of them could embrace but they have statements of intention, statements of principle, perhaps more than statements of firm and committed action. I think that the Bonn summit will be looking to expansion of demand, to maintaining barriers against undue protectionism. I hope they will also be looking to matters that will advance the trading opportunities of the developing world and also I would hope saying something about the need to have a broad based result at Geneva which would include agriculture, not just industrial goods. But what they do determine at this stage, its speculation. They are the sorts of areas that I would like to see covered.

QUESTION: In our relations with the Common Market are you going to use uranium as a bargaining lever?

PRIME MINISTER: A number of people in Europe asked me about that and one of the European Commissioners, a year ago, in fact he virtually suggested that that ought to happen because he said you negotiate with us over uranium, this is your right, because we are the ones who can give you access. We don't want to use uranium in those terms because safeguards are a quite separate matter. There are international obligations in that insofar as the supply of uranium is concerned, there again I believe international obligations in the supply of energy to an energy short world. Now I would hope that Europeans will come to a responsible and reasonable result as responsible and reasonable people and wouldn't really try to press Australia beyond endurance. I've also said of course that the strength of Australia's view, and the determination behind that view should not in any sense be underestimated by the European Community.

QUESTION: So there is a point at which uranium might be considered as an option?

PRIME MINISTER: I don't want to say anymore than I have on this particular subject, I really don't. I hope we will be concluding a safeguards agreement with Britain very shortly. It's been agreed between officials and be coming for the Australian Government for confirmation and then I understand

PRIME MINISTER: (continued) it lies on the table at EURATOM for a month, then the British will agree it -- that's what I was told by their Ministers when I was there -- I've also been advised that the French want to have a similar safeguards agreement and the Germans might also be interested so there is considerable interest in Europe, quite apart from other countries with whom we have been negotiating, for Australia's uranium. We've again pointed out that reliability of access, reliability of supply are both important principles in trade. Again, I would be like to be able to treat uranium as separate and something of particular importance and significance and I hope we will be able to maintain that.

QUESTION: Is there a warning carried in your strong anti-protectionism statements in Europe for inefficient producers in Australia -- that they can't expect to be shielded from cheap imports forever?

PRIME MINISTER: I think you've got to look at Australia's producers in a different light from the sorts of remarks that have often been made about European producers. When speaking with one group, with one person in particular in Europe, I mentioned that his concern about people being locked into inefficient industries but he was saying that in the context of government subsidies to those particular industries, government subsidies to employment in those particular industries. Now Australia has no programs, I think, of a similar vein. Our training schemes are across the board, not directed to particular industries so we haven't got the situation in which governments are locking capital and manpower into particular industries through quite deliberate government subsidies and against the best long-term interests of the country concerned. We know quite well that in Australia, as in other countries, there has to be re-structuring, but I have said on a number of occasions, re-structuring is very difficult when industry is flat. It would have been much easier ten years ago, fifteen years ago, when matters were booming and there would have been jobs in other industries moving away from the ones that might have had, in the judgement of some investors, a slightly dubious future. We seek to support Australian industry, we will continue to do so. At the same time in any country there has to be a capacity to move into those areas where the resources and energies can be used properly. Nobody can be guaranteed that what they do today, they are going to be able to do in 50 years time in precisely the same way and I don't believe any Australian manufacturer would suggest that or ask for that. The capacity and strength of Australia is going to depend on our capacity to adapt, to change, to modify, to innovate, to do exciting and new things which will advance the Australian cause and I believe more and more people are coming to understand that. It is our job as a government to stand with industry, whether it is primary industry or secondary industry. To give encouragement and support where that is necessary; to give protection where that is necessary but to do it in accordance with proper trading principles and not in the way that I think is utterly in defiance of those principles as has occurred in Europe.

QUESTION: What's your thinking at the moment on a phased lowering of tariffs against imports from Asian countries, a phased reduction which I understand Mr. Lee would like to see?

PRIME MINISTER: He would like to see more trade but he also knows that there has been more trade, with ASEAN countries exports to Australia over recent years have been growing at 40 percent a year. Now while any country would like to increase its exports to Australia at a greater rate, ASEAN countries know quite well that there is a limit to the rate of increase of penetration in the Australian market. They also know that we are doing a good deal to help and my good friend the Prime Minister of Singapore also knows that. At this very moment, there is an ASEAN-Australia Industrial Seminar taking place in Melbourne. In October of this year there will be an ASEAN-Australia Trade Fair. Now both these things came out of proposals that I made at the Kuala Lumpur meeting last year. Both were designed to help promote the economic and commercial cooperation between ASEAN and Australia to expand trade between ASEAN and Australia but especially in a difficult market situation when there is unemployment. The Prime Minister of Singapore and other ASEAN leaders know quite well that there is a limit to their degree of penetration into our markets. In fact, Australia imports more per capita industrial goods from the developing world than I think any other country and I've made the point again or in the past, that if the ASEAN countries have the same access to North America and to Europe as they have for Australia in textiles, apparel and footwear, three sensitive areas, they'd be exporting an extra \$1,000 million worth of goods each year. Now that just highlights the kind of access they've got to our market compared to the very limited access they've got to North America and to Europe and so I believe that Australia has behaved as a good neighbour in these particular matters. When you are talking about a phased reduction, we have of course said that we will be part of the (inaudible) tariff proposals at the Multilateral Trade Negotiations. Whether that takes place depends upon the degree of reciprocity we get from other trading countries which will allow access for Australian commodities, for Australian goods, and we will have to make a proper judgement about that but we'd certainly be very much opposed to sudden moves of the kind that occurred in the past were without any reciprocity, without any benefits for Australian traders. The Australian tariff was cut by 25 percent overnight. That did great harm. It led to very considerable damage and we got no advantage from it in terms of access to other markets. That sort of thing I was opposed to then, I remain utterly opposed to it. The formula approach being discussed at Geneva we are prepared to participate in, but whether we can go the course, which we have made quite plain, depends upon the kind of access we get for Australian goods.