



PRIME MINISTER

TRANSCRIPT OF PRESS CONFERENCE IN BRUSSELS - 22 APRIL 1986

PRIME MINISTER - Ladies and gentlemen, I have just had together with colleagues an extremely useful meeting with the President of the Commission and Commissioner De Clercq. We agreed that at the outset that both the Community and Australia faced a number of common problems and that it was important that two important bodies such as the Community and Australia should resume constructive, cordial, cooperation discussions on these and other related matters. I appreciated very much the fact that the Commission had acceded so readily to our request for this meeting, but most particularly for the warmth and constructive nature of the discussions. Let me say that we have reached agreement on a number of issues and that I would be prepared now to go through those items with you.

Firstly, we have agreed that there will be by the Commission a reaffirmation of the agreement that I achieved when I was here on the last occasion which in shorthand terms can be referred to as the "Andriessen agreement", whereby they have undertaken not to interfere with the Australian markets in Asia in the six countries of Japan, Korea, Taiwan, Malaysia, Singapore and Papua New Guinea by the operation of export restitutions. That agreement which we reached before has been substantially adhered to and has now been reconfirmed.

Secondly, the President agreed with our position that agriculture - trade in agricultural products should have a prominent place in the new multilateral trade negotiation round which will commence later this year.

Thirdly, there was agreement that there should be a resumption of Ministerial consultations. As you know, they were postponed earlier this year by the decision of the Commission and it has now been agreed that those talks should be resumed. They will be resumed this year and there will now be discussions at an official level as to the time for the resumption of those discussions.

Fourthly, there was agreement too that we cannot wait until the outcome of the MTN rounds, which can be quite prolonged, to address ourselves to the questions of subsidies and farm stock disposals in Europe and the President has agreed that in regard to subsidies there would be a stand-still and roll-back position in regard to subsidies and that there would be a careful restraint in the question of disposals of the accumulated farm stocks so that that fact of disposal of those surplus stocks should not of itself be an additional disruptive factor in international trade in agricultural products.

Fifthly, we agreed that in the light of the decision by the Community that they wanted to give added emphasis to new research and development in the field of technology within the Community that it would be appropriate that there should be cooperation between Australia and the Community in these areas. To give effect to that agreement there will in the very near future, by May or June, be a high-level mission from the Community visiting Australia to have consultations with us in Australia in the area of research and development and we believe that this will be of benefit both to the Community and Australia in terms of activities within Australia and within the Community and may also provide a beneficial basis for activities by us in a combined sense in our region. May I say on that point that the framework of consultations that are evidenced by the resumption of the Ministerial

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talks and the fact that the Commission will be coming to Australia in regard to research and technology, is also reflected further in the suggestion by President Delors which I immediately took up, that he thought it would be useful that in the lead-up to the new MTN round and during it there should be liaison in a formalized sense between ourselves and the Community, and we have agreed to that. The whole approach therefore is reflected in the resumption of the Ministerial talks, the high-level mission on research and technology, the suggestion about a formal framework of consultations in regard to the MTN is evidence, I would suggest, of the determination on the part of the Community and ourselves to establish a broad framework of continuing consultation so that the respective interests of the two groups can be best advanced. Then we agreed in regard to the question of beef imports into the Community - what is technically referred to as balance sheet beef considerations, something that emerges from the 1979 Tokyo Round, the arrangements that emerged from there have not worked out as intended at that time and we have agreed that later this year there will be specific discussions at the official level to try and improve the possibility of access by beef into the Community. With regard to the International Dairy Agreement where there have been some suggestions that there may have been some lack of strict adherence to the minimum price requirements of the International Dairy Agreement, we agreed in our discussions today that there should be a commitment and adherence by both parties to the provisions of the International Dairy Agreement and, finally, we noted that there was some concern on our part as to the possible impact upon trade, flowing from the concern in the beef industry about the action of the Community in regard to hormone growth promotants. Now I know you have all crossed that subject, hormone growth promotants, so I won't insult your intelligence by going into the details of it other than to say that the Community had decided to ban the hormone growth promotants' use and to require exporters of beef to the Community to certify that meat entering the Community does not come from animals that have been treated with HGP. Now I know you are going to write columns and columns about that and so you can finish all your writing on that subject by saying that there has been agreement that we will discuss that issue between us - which at any rate wouldn't be coming into operation before 1 January 1988 to ensure as far as possible out of those discussions our concerns can be taken into account.

So ladies and gentlemen I don't apologise for the length of that summary because I think you will appreciate that in a very short time we have been able to cover the broad issues of concern to Australia and also to have taken up a number of particular matters which will be to our mutual benefit. Over to you.

May I say in fairness to President Delors that as well as discussing these issues they did take the opportunity of saying to us that they welcomed - the Community welcomed the action that this Government had taken in regard to the gradual move to the reduction of protection levels in Australia as evidenced in what we have done in the steel industry plan and in the motor vehicle production plan and expressed the hope that we would continue the thrust that we'd established in that area.

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Greg sorry

GREG HYWOOD Mr Hawke you mentioned stand-still and wind-back provisions on subsidies, could you go into some more detail about exactly what Mr Delors agreed to in regard to that.

PRIME MINISTER-- Well what he pointed out was that already under the thrust of the Commission itself there had been the beginning of wind-backs in subsidies, a reduction in the levels of payments under subsidy programs and that this has been reflected in some loss of standard of living of farmers. But despite this in the Community that there was a commitment by the Commission to a continuation of that process. In other words, Greg, the point that was being made - agreed between us - that we couldn't afford, given the very substantial problems that were confronting the Community and which were merging into the international trading regime as a result of the very substantial increase in subsidisation that had taken place over the years which had led to increased production, we could not afford to wait for the outcome of the MTN round, which, as you know, could go on for quite a considerable period of time, and that the thrust of the Community in this area, we were given to understand, would continue pending the more general determination of these issues within the framework of the MTN.

Do you think agricultural Ministers' meeting in Luxembourg will (inaudible)

PRIME MINISTER Well, you ^{know} what the basis of the operation of the Community is that you have the Commission itself making ... its functional role is to make recommendations, the decisions are made by the Ministers, and the story has been one of the Commission, I believe, having an overall perspective of the need to have this standstill and wind-back in the processes which have led to the difficulties within Europe and more generally ⁱⁿ the international trading arena and they have had degrees of success and I would believe that given the dimension of the problems in budgetary terms and in income transfer terms from consumer to farmers ... the dimensions of those problems ... that we have grounds for optimism that the recommendations and attitudes of the Commission will come to recommend themselves to the Ministers.

— MORE FOLLOWS.

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Question : (Milton Cockburn, Sydney Morning Herald)

(inaudible but relates to immigration requirements for Australian tourists entering Bali)

Prime Minister : Milton I, just as I walked into the Press Conference I was appraised of this development, so by definition, I don't know all the details - I will attempt to, as soon as we get to Rome, to get fuller details on it, so I'm not inclined to make any observation until I have those, that further information. I would simply say obviously, on the face of what you say and what I've just been given before I came in it's not a development which I welcome but I can't say any more than that until I get further information.

Question :

Prime Minister, coming back to the European food exports to your area, how do you reconcile the assurances given to you by President Delors and verbal plans by French and German agricultural Ministers to aim for a giant export offensive to get rid of European surpluses. Has anybody told you in so many words that Europeans would actually sort of exclude your area as a target of this export offensive?

Prime Minister : Let me make two points about it. Firstly, we recognise that if you're going to be looking at the longer term and part of the resolution of the problems with which we're confronted by definition involve the disposal of these large accumulated surpluses. While they overhang the international market you're going to continue to have a problem. So what has specifically been said to us on that point is that care will be taken to try and effect an orderly disposal of those surpluses so that, as I said before, an unorderly disposal of them won't pose an additional problem to the ones we already have; that's the first point. The second point is that I think that as a result of the discussions we've had here today - the reaffirmation of the Andriessen agreement and the establishment as you will see of an agreement for a broad range of consultative mechanisms, that I would hope that our capacity now to put the case of Australia in regard to specific markets and specific commodities has been enhanced. Now I don't want to overstate and say that as a result of the meeting we've had today that we've eliminated problems, it would be stupid to say that and I don't make that claim. What I do say is that as a result of today I think the basis and the framework for relations between the Community and Australia has been significantly improved.

Question : (Michelle Grattan, Melbourne Age)

(inaudible but relating to Mr. Dawkins)

... would you care to reaffirm your complete confidence in Mr. Dawkins?

.. /

Prime Minister : Well, let's make two points. The first is that, as you know, I make a practice of not commenting on internal developments while I'm overseas, but having said that, you know the statement I made in the Parliament before about my confidence in the Minister and that stands.

Question :

Will you be looking at the matter when you get to Rome?

Prime Minister : I had that question put to me at a Press Conference in London yesterday. I answered in the negative and nothing has changed between then and now to make me alter that answer.

Question : (Greg Hywood, Financial Review)

(inaudible, but relates to Mr. Dawkins' alleged suing of one of his officials)

Prime Minister : Greg, I'm not changing, even in the space of one minute, the answer that I've just given, that is that I'm not commenting on developments at home while I'm away. It's clear that when I return to Australia I will seek to be fully acquainted with all these developments. It may be that then I'll have some comment back in Australia.

Question :

Prime Minister, if you (inaudible but refers to Andriessen agreement)

Prime Minister : Well, let me say this, that the Andriessen agreement which covered the six countries that are concerned emerged from discussions that we had because we had a particular immediate concern about those countries. You used the word 'poaching'; I don't want to use that word, I simply want to make the point that over the years as the Community has sought to dispose of the enormous surpluses in production which have flowed from their policies here, that has created problems in various areas for us. Now, I don't want, in the light of what has been a very, very positive and constructive session I've had with the President and Commissioner De Clercq, to go into negatives. We've had our problems, it's obvious; I think we're now in a position to have a better opportunity of dealing with those problems than we've had in the past, and I'm encouraged very much by the attitude of the Commission.

Question :

You seem to have a touching faith, Prime Minister, in the ability of the Commission to deliver. A lot of the farm disposal programmes have been dressed up by the Commission and officials of the Twelve but the Commission is only one player.

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Prime Minister : Well, I may be a person of touching faith, not only in the Commission but in a range of people; now that's a question for others to decide but if I could be somewhat detached about it I think you've got to say, well, when I've talked with them before and got agreements, have they been adhered to. The answer on that is, yes. When I met them before I specifically got the agreement, the Andriessen agreement; that has been adhered to in the period since they agreed. Now I hope I've made it clear, I'm sure I did in the observation I made a while ago that I don't believe that as a result of the meeting I've had just now, that all the problems are behind us, far from it; but I do believe that both in regard to the immediate, short term future situation and the longer term, there are considerable areas of agreement. In regard to the immediate period, there is an understanding, an agreement to continue consultations at the Ministerial level and they've been interrupted and at the official level on a range of matters. Now I believe that nothing but good can come out of that and in the longer term we have the agreement of the Commission to the need to ensure that agriculture has a prominent place in the New MTN Round. Now, I don't think it's a question of touching faith, to have a positive reaction to that outcome. We don't want to delude ourselves that all the problems have been solved. I certainly don't.

Question :

Will the Common Agricultural Policy be included in the MTN Round?

Prime Minister : You can't talk about international trade in agriculture without CAP being involved in the discussions, but there will be different emphases upon that. The Community will have a different emphasis and attitude towards that than we will but you won't be able to have agriculture as a prominent item on the agenda without CAP being in there.

Question :

And do you think they're agreed on that.

Prime Minister : Well, once they say, I mean they are realists, once they say that agriculture must have a prominent place they understand that it will be there, that people will discuss it.

Question :

Prime Minister, about a month ago there were a series of angry statements coming out in Canberra to the effect that Australians were getting caught up in a sort of an agricultural trade war between the United States and the EEC. In the light of conversations you've had both here and I think, earlier in Washington, do you feel that fear is now obviated? That the fear is now gone, that you're much more relaxed about it.

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Prime Minister : No, I'm not much more relaxed but let me make the points which are relevant to your question. In both Washington and here in Brussels I have voiced, I think effectively and certainly strongly, the concerns that Australia has about this new development of, as you put it and I think not too graphically, the possibility of a trade war in agricultural products between the United States and Europe. Now I've said to both of them that we welcome the fact that they recognise the dangers and that they are having discussions about it. The third point I've made and I repeat it here strongly : we don't want to see a situation in which, where they do have discussions, that they settle the possible problems between them through some deals which leave Australia and others out in the cold. So I think the dangers, the possible dangers of this conflict between the United States and Europe is still a real one. What I have done is to convey, as strongly as I can in both Washington and here, our concern about that and the two things; one, that there must not be some bilateral deals done at the expense of others and secondly, in the longer term more important, that these matters have to be resolved finally by ensuring, as we've said, that agriculture does have a prominent place in the MTN Round and that it has applied to it, the same relevantly operative sorts of provisions that have been effective in other areas of international trade.

Question :

(Inaudible, but relates to time frame for application of Andriessen agreement. Questioner suggested another 12 months)

Prime Minister : No, not for another twelve months, the time period wasn't mentioned but I have no reason to believe that it won't, that the presumption, let me put it this way, the presumption should be that it will continue to operate. When we agreed on it in the first place, when I was here last time, I'm trying to recall the words, but I think the phraseology was that there would be no change that would be contemplated by the Commission without consulting with us. I think that was the substance of the way they approached it and I have no reason to believe that that wouldn't continue to be the case and certainly nothing was said in the discussions today which would lead us to believe that we can't continue to count on that undertaking.

Question :

(Inaudible - relates to US beef coming onto world market as result of whole herd-dairy buy-up scheme)

Prime Minister : The whole herd dairy buy-up scheme; I didn't raise that but let me go back, I mean I said in Washington that, in my discussions with the Americans, I pointed out what was the understanding that we got from the Europeans under the Andriessen agreement and that we would, you know the very

minimum we could expect from the Americans if we had that undertaking from the Europeans that we should be able to expect the same understanding from the Americans.

Question :

Prime Minister, the Community supports farmers prices by annually, I would say, 90 billion US dollars; the United States supports their prices by about 21 billion dollars. How much does the Australian Government spend to support their farmers?

Prime Minister : Its by comment, I mean this is not a matter I had to argue with in the United States or here, its accepted there and in the whole international trading community, that Australians, Australia's agricultural sector is extraordinarily lightly assisted. As far as exports are concerned, which is the major area that we're talking about, we don't subsidise exports; as far as the internal operational sector is concerned, a very, very light degree of subsidy and that's not something I have to argue, it hasn't been argued by the Europeans or the Americans.

Question :

.... The MTN is still a matter of months off, not tomorrow and ...

Prime Minister : To be precise the Ministerial meeting is in September...

Question (contd.) :

Right, and anything that comes out of it will presumably take time to have its effect on the international market. Would you care to speculate how much time?

Prime Minister : No, but it's because I'm conscious of the fact, looking at previous experience, that the Round can take a long time, that we directly went into the discussions with our friends here, that there would be a continued addressing to the issues of subsidies and disposals. It's because it's going to take, and when you're talking about the time of the Round you're not talking about months, you can be talking about years, and that's why the immediate undertakings have an added importance.

Question :

I was talking to Alan Oxley a couple of weeks ago ...

Prime Minister : Oh, that's interesting

Question(contd.) : (inaudible - relates to prolonged time-span of MTN negotiations)

.... that inevitably Australia is going to go through a very costly and painful process. What I'm trying to ask is how well you can survive it.

Prime Minister : Well, let me put it this way. Our capacity to survive in a bearable form would be less, and significantly less, if we had not addressed ourselves both in the United States and here, to these issues and have got the understanding of the Americans and of the Europeans that we can't wait to deal with the problems of international trade in agricultural commodities on the outcome of the Round. There has got to be preparedness to talk and act in these areas while those talks are firstly coming into place and while they're continuing.

Question : (Greg Hywood, Financial Review)

(Inaudible - relates to when the international decline in interest rates will flow on to Australia)

Prime Minister : Well, as you know, there's been a reasonably significant decline in rates within Australia over the last couple of months. Broadly speaking, there is an attitude on my part, as you know, that I don't think in this context it's very profitable to be making predictions about interest rate movements but I would simply say that what's been happening internationally would add to what I've said in the recent past in Australia and that is that we, I think, have the broad framework within which it's legitimate to expect a continuation of that trend that we've seen earlier in Australia. Really Greg, I don't want to be more specific than that.