

"TALK TO THE NATION"

BY THE PRIME MINISTER, THE RT. HON. R.G. MENZIES

1st DECEMBER, 1961.

Ladies and gentlemen,

On this occasion I am going to talk to you for little under a quarter of an hour about some aspects of our trade problem. I won't be able to say very much about any part of it, but I hope I can give you a reasonably clear survey, and so I want to start with this map of Europe, which contains the area which we call the Common Market. This comprises the Netherlands, Belgium, Luxembourg, France, West Germany and Italy.

These six nations back in 1957, made a treaty, The Treaty of Rome, and that was a treaty which was designed to set up an area of economic co-operation in Europe. The main features of this were, that instead of having six countries, each with its own tariff barriers against the others, the Six should, over a reasonably short period of time, have a common tariff against the rest of the world and, internally, free trade, which means of course, that goods from France could pass into Germany within a few years free of duty. But both France and Germany for example, would have, as against the rest of the world, a common tariff barrier.

There are many other aspects of it. It is a tremendously important agreement. It has very big political implications. It is going to have, I think, considerable effect on working conditions, on economic policy, on financial policy. But time will not permit me to go into those details. I ask you however, to take it from me that this European Common Market is, in itself, one of the great economic developments of this century, and it has become of particular importance to us, because Great Britain is now seeking to enter the Common Market and other Nations no doubt will follow suit. This means that Great Britain is seeking to become one of the nations now called The Six.

Now why does this concern us? Well, the answer is that the whole pattern of Australian trade for many years has been based on Commonwealth preferential trade. In other words, we get a number of our commodities like wheat, butter and dried fruits and so on, into Great Britain free of duty, while similar goods from other countries pay duty. That gives us a preference. And in the same way British goods, chiefly manufactured goods, passing into Australia, have come in under the British preferential tariff. Now this mutual preferential system in the Commonwealth has, I think, been, from our point of view, economically, the outstanding thing of this century.

Now we have to consider how you reconcile the one with the other. How does Great Britain become a member of a Free Trade area, and at the same time preserve the substance of, for example, Australian trade with Great Britain? You see the great importance of it.

There is a little country up here, Denmark, which is not yet a member of The Six, but I should think certainly will be. And Denmark produces a great deal of butter and dairy products generally. Today there is a duty against them, but Australian

goods of the same kind go in free and also New Zealand goods - and it is very, very important for New Zealand - go in free.

If Great Britain went into the Common Market unconditionally - just signed on the dotted line, and I don't think for one moment she is going to do that - the position would be that our preferences would disappear, because she would have to be inside the common tariff barrier herself. Our preferential system would be converted into a free trade preference from European countries, so that French wheat would go into England free of duty, and our wheat would pay duty. You can see exactly how tremendously important this is.

Now we are in the closest negotiations with Great Britain. We have put ourselves in close contact with the countries of The Six, because we want her to be able to negotiate terms and conditions for going into the European Common Market, which will - well how shall I put it? - inflict the minimum of harm on our trade, and, in particular, enable particular industries in Australia which practically live on the British market, such as dried fruits, to continue in existence. This we regard as a great battle. We believe that you would want to have it conducted on your behalf by people of great experience and of some standing with the administering authorities in Great Britain, and indeed with the leaders of these European countries.

Well the negotiations have only just begun. We have done an immense amount of work in London, in Europe, and in Australia and are continuing to do it. And you may take it that we will regard it as our great responsibility to the export industries of Australia to see that when the day comes that the United Kingdom has concluded its negotiations, those negotiations will have resulted in some special provisions for Commonwealth trade which would be rather different from the ones now existing between the countries of The Six. I need not go into detail on that matter, because you can see how tremendously difficult it is. It is very complex. The negotiations will take a long time, because there are scores and scores of individual items which will have to be taken into account.

Recently, when Great Britain announced that she was going into these negotiations, and that they would involve agricultural products, it was something new from our point of view. Comments were made in Parliament and elsewhere that we should have anticipated this, and that we are starting off on the business of building up our trade with the rest of the world too late. Now it is very important that we should build up our trade with the rest of the world. It is not likely that we will come out of these discussions one hundred per cent as well off as we are under the existing system. I think that would be putting it a little high, optimistic as I am. And therefore it is of tremendous importance for us as a great trading nation, to see that we are developing our trade all round the world, and I am going to proceed to this other map in order to tell you quite briefly how much we have done about that matter in the last ten years, and in particular during the last five years, since the Department of Trade was established for this very purpose.

If you will look at that map you will see that there are certain countries marked, United Kingdom, Belgium, West Germany, France, Italy, Iran, India, Japan, Indonesia, New Zealand,

the United States and Canada. These are the twelve countries with whom we do the bulk of our overseas trade. Or to be more accurate, these are the twelve countries which are our biggest partners in trade, in and out. But in addition to that, we set out some time ago, years ago, to develop our Trade Commissioner Service so that we would encourage trade and not only with those countries, but elsewhere. And on this map you will see marked places like Stockholm and Bonn, London of course, and Paris and Rome; countries in Africa from Cairo through Nairobi, Salisbury down to Johannesburg, across to Accra in Ghana; Beirut, Karachi, Bombay, New Delhi, Calcutta, Colombo, Bangkok, up to Tokyo, Hongkong, Manila, Kuala Lumpur in Malaya, Singapore, Djakarta and of course New Zealand; and over here in Canada, Vancouver, Ottawa and Montreal; and in the United States, San Francisco, Chicago, New York, Washington; and in South America, comparatively recently, Trinidad and Lima.

Now this is a very great establishment of Trade Commissioners and as you probably know the work done by the Trade Commissioner Service is in forwarding trade, in promoting trade missions, sometimes trade ships, special surveys conducted by organised groups of business men and this work is tremendously important. I think that we can say confidently, that so far from neglecting the business of building up our trade, wherever we can get trade around the world, we have been remarkably active in that field. We now have far more Trade Commissioner posts than ever existed before in Australian history.

In order to encourage exports from Australia, in 1956 we established a special Insurance Corporation to insure people in relation to commercial transactions in which there were certain risks of a non-commercial kind. This is a scheme which has been adopted in Great Britain, and which operates in Canada and which has gone remarkably well. It is a scheme which has been referred to, approached by exporters, including manufacturing exporters, so far that it has already insured transactions into 120 different countries in the world. That is, I think you will agree, a remarkable thing, and because we attach tremendous importance to developing an export of manufactured and processed goods, we introduced only 18 months ago - but before this Common Market crisis developed - a system of special tax concessions in relation to export goods which I believe is very well received by the vastly important manufacturing industry of Australia. It arose in fact out of consultations that we had with eminent men in that field.

Now all that adds up to this. We are out for business. We believe that we can do business more and more, and we will do it of course, more and more if we have a stable Government with experienced people to do the negotiations, with the good will of the rest of the world, and with a high credit standing in the rest of the world.

That is a very short summary. A very imperfect summary of the most complex problem we have to deal with in the course of the next twelve months. We will deal with it, with your authority; we will put all our enthusiasm into it, because we believe that in all these discussions we are battling for the true interests of what we believe to be a wonderful country, and above that the most promising country to be found in the Free World.