

## Speech by the Prime Minister of Australia at the International Press Centre in Brussels on 18 December 1974

I am conscious that my visit to Europe—the first by an Australian Prime Minister for fifteen years—coincides with a growing sense of crisis in international economic affairs. Continuing high rates of inflation, the threat of emergent recessionary forces, severe balance of payments problems for many countries, strains on international monetary mechanisms and the accentuation of the problems of the developing countries constitute pressures of a magnitude and diversity which the world has not faced since the war.

The European Community is the largest single trading bloc in the world. The impact of these developments on the relationships between the Community and other countries and between member nations within the Community is of major significance to all the world's trading countries. As the Head of Government of a trading nation of growing significance, I believe these events demonstrate with unmistakable force the interdependence of the world's economies. Such a comment may sound trite. There are times, however, when restating the obvious

The Prime Minister speaks at the International Press Centre in Brussels.



force, some states—including some states in Europe—have still to ratify the treaty or make clear their renunciation of nuclear weapons development.

Australia and Belgium are comparatively small powers. Remote as we are from each other in terms of distance, we have a great deal in common. We are affluent nations in a world of widespread poverty. We are highly industrialised. We are devoted to regional co-operation. Our bilateral trade, though modest in scale, has grown steadily and exhibits a remarkable balance. Australia's exports to Belgium in 1973-74 were worth \$A59 000 000: Belgium's exports to Australia were worth \$A57 000 000. Australia's ties with Europe have been strengthened since World War II by a vast immigration program. It is a reminder to us that modern civilisation in Australia sprang from the great tide of European colonisation in the 19th century—a process of colonisation in which Belgium played her part.

To the north, east and west of Australia there are many nations which were once parts of European empires. These links with Europe have left an enduring mark on the newer nations of Africa, Asia and the Pacific. Australia, like many other states in her region, has set her own firm and independent course in world affairs. In doing so we acknowledge our historic and cultural debt to Europe and look to the nations of Europe for support and collaboration in overcoming the problems shared by all mankind. I take heart from the great achievement in international co-operation we have witnessed in Europe itself—an achievement in which your country has played a lasting and a leading role.

is required and I believe this is such a time. Each nation has its definable economic interests, but the circumstances we face today emphasise the importance of international co-operation—in the common good and in the enlightened self-interest of all the world's trading nations.

In my discussions with European leaders I shall indicate—as I have already done with the Prime Minister of Belgium and President of the Commission—that:

1. Australia recognises its overriding interest in the stability of the international economy and is willing to play its role in restoring stability and promoting development;
2. Australia has its own specific interests and objectives in economic matters and intends to pursue them with vigour and determination; and
3. Australia recognises the imbalance of world development and attaches great importance to the problems of developing countries.

The pursuit of our interest in the restoration of economic stability must take account of the actions of the OPEC countries. The problems of the western world are those of adjustment to a new international economy. We are seeing a redistribution of the world's wealth towards resource-owning countries. The days are past when the market value of the world's limited supply of non-renewable resources—for example, uranium—could be primarily determined by the cost of their extraction and transportation—a view which I know is now held within the Commission. It is pointless for me not to acknowledge that our interests are those of a resource-rich nation. Nevertheless, we trade in many goods, and across the broad range of our trade Australia's prosperity depends on the orderly development of the world economy. The immediate adjustment processes involved in the present transition threaten to disrupt our trade in all areas.

The most pressing and immediate problem we share with the rest of the world concerns the strains on the international monetary system and particularly the problem of recycling petrodollars. We recognise the urgency and the seriousness of this sudden development. Australia has only a limited capacity to contribute to the solution of this problem, but we stand

ready to co-operate to the fullest degree possible. In my discussions with European leaders I look forward to broadening my understanding of their attitudes and intentions in this regard.

There are other areas in which Australia can make a more significant contribution to international stability. Since the events of the oil crisis, all countries have become aware of their need for secure supplies of essential raw materials. Australia is richly endowed with resources. We possess major reserves of coal, iron ore, bauxite, mineral sands and uranium and important reserves of lead, zinc, manganese, nickel and copper. Australia has been and will continue to be a secure and reliable supplier of all these commodities. We play a significant and indeed a growing role in the world trade in minerals. We shall continue to do so. We have a reputation for honouring our contracts and we intend to maintain that reputation. We shall further develop our mineral resources, including our energy reserves. We shall be willing sellers seeking willing buyers. Thus we have agreed to joint discussions with the Commission on their needs for uranium and on supplies of natural and enriched uranium from Australia for this purpose. Insofar as Australia can contribute to the stability of world energy supplies, we shall do so.

We recently announced new developments in our uranium policy. My Government has not been prepared to approve further export contracts because of the unsatisfactory nature of the market which the Commission acknowledges. In the meantime, however, in co-operation with private interests, the Australian Government intends to establish a uranium milling plant which we expect will be producing uranium oxide from 1978. By that time we hope the market will be sufficiently mature for the negotiation of new export contracts. We shall ensure that our traditional trading partners obtain an equitable share of the uranium we have for export. This attitude has already been explained to some of our partners, including Japan, Italy and the Federal Republic of Germany. And yesterday we discussed with the Commission their needs for very substantial additional supplies of uranium in the 1980's, none of which is covered by existing contracts. The Commission supports, in principle, the enrichment of part of their additional

requirement in Australia and we look forward to early talks on this total picture for co-operation to our mutual advantage. We also stand ready to discuss in full detail the Commission's requirements for additional supplies of coal which could treble the tonnage now being shipped to Europe from Australia.

Experience in recent years reinforces the Australian advocacy of international commodity agreements. We continue to believe that such agreements are an essential mechanism for achieving predictable prices and supplies to purchasers and predictable markets to suppliers. We continue to seek such commodity agreements in areas of vital interest to us such as wheat and sugar. The supplies of both these commodities are now subject to severe cyclical strains which we believe international agreements can mitigate. In those areas where international agreements do not prove feasible, we shall seek to negotiate long-term agreements for agricultural commodities which will guarantee supplies at fair prices. In these ways Australia seeks to contribute to the long-term stability of international commodity markets.

Partly in the context of our support for international commodity agreements, Australia has taken an active part in the formation of agreements on bauxite and tin. We recognise recent fears about the formation of resource-producing cartels. We believe, however, that such international commodity agreements can contribute to orderly marketing arrangements and can be designed to balance the interests of producers and consumers. We have been particularly concerned to ensure that this balance is maintained.

In recent years Australia has adopted a more open and outgoing approach to international trade. There has been a natural and permanent shift in Australia's position, flowing from the rapid expansion of our mineral exports and our growing self-sufficiency in certain commodities, particularly oil. It is true that in recent months we have had to take measures, in response to domestic unemployment, which may be construed as a contrary trend. Nevertheless, the net effect of our currency appreciation and tariff reductions has been significant. By the standards of our history, Australia has moved into a new era of freedom and openness in international economic policies.

The more I consider the problems of the international economic order, the more I am convinced that a retreat into economic isolationism is no answer for us or any other nation. The temptation to adopt an inward-looking and excessively protective economic stance must be resisted. Attempts to restrict trade further would be self-defeating. In the longer term it would result in a much worse situation for us all. I reiterate our support for the OECD trade pledge of May this year. The current world situation makes it all the more important to ensure that the forthcoming multi-lateral trade negotiations are successful and provide the conditions for a further boost to world trade. The nations of the world must not allow their immediate problems to detract from these negotiations, which in themselves would be an expression of confidence in the world economy.

In recent years Australia has developed a new spirit of self-confidence and self-reliance. In many of its policy decisions my Government has reflected this development and, I believe, has helped to shape and guide it. Our sense of national independence has sharpened and matured. One of the reasons for this has been the entry of Britain into the Common Market. We continue to hope that British membership will encourage the Community to adopt a more outward-looking approach to the international economic scene. In the context of Britain's endeavour to renegotiate the terms of its membership of the community, the last thing Australia is seeking is a restoration of her old-style preferential relationship with Britain. In the discussions with the British on the possibility of arranging a long-term agreement on the supply of sugar two months ago, we made it clear that any such arrangement would need to be made with the Community or at least have the Community's endorsement. We have successfully adjusted the pattern of our trade to take account of British membership. The progress which Australia had made in recent years in diversifying its export markets, and the generally strong demand in most world commodity markets over the past two years, have considerably reduced the immediate impact on Australia of the Community's enlargement.

Our ability to overcome these transitional problems has reinforced our self-confidence. We are not concerned to turn back the clock. We regard

any renegotiation of Britain's membership as a matter for Britain and her European partners. We will, however, continue to press our own interests as effectively as we can. We will seek amendments to those areas of Community policy, including parts of the common agricultural policy, which adversely affect Australia. We will not be appealing to British sentiment but to the interests of Britain and all her partners in the Community.

I am well aware that in political terms consumers are not as well organised as producers. Nevertheless, I would have thought that at a time of high inflation European countries would see advantages in seeking cheaper food. Australia has a particularly efficient farming community, and I stress the advantages to Europe of allowing greater access to agricultural imports. In multi-lateral trade negotiations Australia will press her objective of reasonable access to world markets for agricultural products from countries like Australia. In determining the concessions we will offer in these negotiations, we will have one basic consideration—the willingness of others to negotiate on primary products. We were disappointed that the outcome of the Kennedy Round was a concentration on tariff reductions in the industrial sector. It is our earnest hope that on this occasion concessions on agriculture will move in parallel with those in other areas.

This question cannot be separated from the wish of European countries to obtain secure supplies of materials, particularly energy resources. I take one example of immediate and pressing concern to Australia, the ban currently imposed by the Community on imports of beef. Australia, over some years, has made significant investments specifically for the supply of beef to Europe and Japan. Our confidence in the security of future investments must be affected by the abrupt manner in which Europe and Japan have sought to shift the burden of excessive beef supplies primarily to exporting nations such as Australia. Are we now expected to engage in further massive investment in coal, for example, when our legitimate interests can be treated with such disdain in other areas? We are proceeding with our attempts to avoid further market disruption in beef. We have proposed that a consultative group be established within GATT for this purpose and I am

hopeful that the Community will lend its support to this suggestion.

Another area in which there is heightened Australian awareness of our national interest concerns the role of overseas capital in our economy. The extent of European investment in Australia bears witness to the scope of fruitful co-operation in this area. We believe that overseas capital must continue to play a significant role, in partnership with Australian capital, in promoting our future economic growth. We have, however, adopted a more selective approach than hitherto towards such investment. We have a firm policy objective of promoting Australian ownership of our resources and industries. When my Government took office 68 per cent of our energy resources were controlled overseas. We could not allow such a trend to continue. Our new investment policy, while firm on this point, is being applied in a pragmatic fashion with each case being considered on its merits.

I referred at the outset to the problems of developing countries. These nations have suffered considerable deterioration in their terms of trade during recent years. Their already severe difficulties have become more acute. Many of the matters on which I have already touched are relevant in this context. The comments I have made on Australia's development of its mineral resources are in accord with the interests of many developing nations. Many of our partners in the International Bauxite Association and those proposing the Association of Iron Ore Exporting Nations are developing countries. Australia's desire to broaden the world's access to agricultural markets and stabilise those markets is of great importance to developing nations. The multi-lateral trade negotiations must make a special effort to accommodate their needs.

Australia has a special interest and a special responsibility in promoting the development of countries in the Asian and Pacific region. We welcome the steps which the European community is taking to promote trade and aid with our neighbours. In particular, I think of the contribution made through the United Nations Emergency Fund to those countries hardest hit by the energy crisis, the declaration of intent for Commonwealth Asian countries, the com-

munity's efforts to foster ties with ASEAN, as well as the possible extension of your Association arrangements to include, among others, certain of our neighbours in the South Pacific.

I am glad that periodic consultations, either at ministerial or senior official level, will be taking place between Australia and the European Commission. It is my firm hope that my present visit to Europe, the consultations which will be held with the Commission in future the specific discussions of uranium and coal supplies and the contacts we shall have with individual member states of the community will enable Australia to develop a firm, many-sided and co-operative relationship with the new Europe.

We regard European economic and political integration as one of the great historical forward movements of this century. We see a strong European Community as an essential pillar of world-wide economic stability. In this context I give an assurance that Australia will play its full and proper role in the resolution of the world's economic difficulties.