

## INTERVIEW WITH FRENCH JOURNALISTS

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QUESTION: Australia, in the past, has often been described as exporting too much raw materials, importing too much equipment and being dependent upon a small number of customers. What do you intend to do over the coming years to correct that?

PRIME MINISTER: I'm not sure that it was -- for a long time that that accurate description of Australia. It might have been a dissemblance of truth in the years up to 1939 but there has been a very significant change in Australia and a very great expansion of Australian industry, manufacturing industry, in the years since 1945. At the same time, we've done a very great deal to access markets of the Pacific, trade with Japan. It's not always realized that our trade with Japan is greater than the combined trade between Japan, Germany and Britain and when you look at our population and realize that our two-way trade is greater than the two-way trade between Japan, Britain and Germany combined, it indicates the extent to which we are now trading in the Pacific theatre. Markets in China are growing very significantly. We'de always had traditional markets in Europe of course, especially in Britain. and markets in the United States. The United States markets have been maintained but the European markets, largely because of Community policies have been to a significant extent destroyed because of the policy decisions and framework of Community common agriculture policies. In the years - the last twenty years in particular - the nature of our exports has diversified very greatly. It used to be primarily significantly agricultural commodities to that added very significant mineral exports. We would like to see greater processing in mineral exports; greater processing in some of our traditional exports such as wool. Here we often find again the tarrif policies of European countries, of other countries make that very difficult because raw wool, for example, goes to Europe duty free but as soon as it goes through any part of the processing stage there start to be very substantial duties on it which mean processes in this country have to compete in a difficult environment. Its not generally realized that some parts of Australian manufacturing industry are in fact very efficient and especially having regard to the small size of our domestic market. They have achieved a great deal. I think we are the only country, apart from Japan, that is exporting colour television sets to Hong Kong and they are being sold without any subsidies and profitably. In the home appliance area Australian concerns which used to import from Europe or Japan are now producing the same lines or modified changed lines in Australia because they can do it more effectively and more profitably. Instead of importing from their overseas companies they are producing in their Australian branch. So the Australian economy is very much diversified compared to the days before 1939 - its much diversified compared to the late '40s or early '50s. The process has been a continual one since the World War. In addition to this, of course, our political interests have expanded and changed. The days are very long gone

when the British representative in a country used to represent Australia. Our interests are different. That doesn't stop us having close links of many kinds but it would be unthinkable for Australia to be represented overseas by anyone other than Australia - Australian missions - except in the most strange and unusual circumstances. In particular, we've expanded our diplomacy in the Asian/Pacific theatre; Japan, China, the Indian Subcontinent, in the region in which we live. In February there was a meeting of twelve Heads of Government, some very very small island states of the Pacific, but also India and Sri Lanka, Malaysia and Singapore - all the Commonwealth countries in the region; and that was an Australian initiative indicating the concern for our region and believing that countries need to identify common interests, to cooperate together to the maximum extent. So we are seeking to play a part constructively, reasonably, in world affairs because I think that is the obligation of all governments (inaudible) and at the same time to see how they can advance a wider cause.

QUESTION: Do you feel that Australia is perfectly safe - if she is, or should some greater (inaudible) be given to improving her defences, increasing her defence force?

PRIME MINISTER : We are expanding our defence forces - greater real resources are going into defence. Modern equipment is, as you would know, vastly expensive. We seek to deal with minimum manpower so that of the funds we do spend in defence, a maximum amount can be spent on modern, sophisticated equipment. You will know at the moment that our defence forces are examining a short list of a fighter replacement. The objective is to obtain the air superiority fighter with some ground capability. The Air Force will be making, the defence people, their own technical evaluation of a number of aircraft and that will be a very very substantial purchase (inaudible) is the most expensive single purchase that we ever would have made. We need to look to our defences, as many countries do I think. I would much prefer to have a world in which we could devote our total attention to economic well-being and economic advancement but we don't live in that ideal world yet.

QUESTION: Can you see any threat (inaudible)?

PRIME MINISTER: That's a question that's always asked and without being critical of it, its a question that can never be answered in precise terms because by the time you start to nominate a perceived or a real threat and (inaudible)

arises, then you haven't been doing what you ought to do in terms of the defence of your own country. In assessing the strategic situation in which any country lives, you've got to look at the total communities of strategic environment around you and know that you can be affected by events on the other side, as Australia has been twice, as you know, in two world wars. Australia was very much affected and involved,

embroiled, in both because we believe we ought to be and that it was in our own national interest. So you have to look at the total world scene, make an assessment of those factors which could lead to unsettling, disturbing and dangerous threatening situations and see what we should do to protect yourself and to play a part again, as a responsible citizen in the world. I think, some people judge defence policy and say if you don't name a threat you don't need to spend any money on defence and no threats have arisen so you have wasted the funds you have spent on defence. I don't look at it that way. If you have a policy of having adequate defence forces and you don't get to the stage of nominating a perceived or real threat, then I think that's an example of a defence policy that's been successful, of a total foreign policy that's been successful because you've been able to conduct yourself in a way which has avoided the dangers and in (inaudible) negative sense the art of foreign policy is to avoid dangers; to have within your own strategic council some idea of the dangers, the concerns, that could arise and then pursue your integrated foreign and defence policy in a way which would make sure those perceived dangers, or possible dangers, did not arise. I don't really think that it serves any useful purpose to point to this country or that country or the potential of East/West differences, or problems between the Soviet Union or China, between NATO & WARSAW Pact, to say that dangers could arise out of these things, they are part of the strategic environment that we must assess when we make our own decisions about our foreign policies and about our defence preparedness.

QUESTION: ...Are you at all worried and concerned with the increasing Soviet naval presence in (inaudible).

PRIME MINISTER: Anyone must be concerned with a nation that spends 14 percent of its gross national product, allegedly, on defence. Can anyone really believe that that's necessary for defensive purposes? Is there any need to say more? Our view, my view, which I expressed shortly after coming into Government, was very much the same and that which has been expressed on repeated occasions by the NATO powers - the NATO Council of Ministers, the NATO foreign ministers and defence ministers - when they pointed to the Soviet build-up in conventional arms and in other arms which they believe are just not necessary for the defence of the Soviet Union's own territory. They have pointed to the offensive capacity, the global reach, which the Soviet Union's defence preparation have given it and they were just as concerned about that - well, concern that one can express in relation to the Indian Ocean, but a part of that total global concern.

QUESTION: ...would you like to have the present immigration laws amended - into Australia?

PRIME MINISTER: I would like better economic circumstances and less unemployment so we could have a larger immigration program. We will in fact be reviewing the nature of the program very shortly. If people want to come and live here and can contribute to Australian life in material terms and at the same time bring part of their own tradition and culture and background with them, I would like to see the circumstances in which we could accept more people from other countries.

QUESTION: That would include Asian countries?

PRIME MINISTER: Quite a significant number do come from Asia. There is no distinction on the grounds of race, colour, religion.

QUESTION: Do you think that proportion could be increased?

PRIME MINISTER: It has been in recent times.

QUESTION: When do you expect the transportation of uranium in the North (inaudible) will begin?

PRIME MINISTER: There have been many hurdles to overcome, as I think you know. Our political opponents have a policy opposed to the mining, there are questions relating to unions, we had a very long drawn out environmental study and survey which really recommended a complex framework for the development of uranium. Having in mind the nature of the recommendations I think faster progress has been made than one might have anticipated and the opposition to the mining and export of uranium has faded, receded, into the background. There is one last matter and that is negotiations with the Northern Land Council over terms and conditions. As you know it is an aboriginal community, and aboriginal land. I hope the negotiations will proceed that will enable some site work to take place this dry season. I will be disappointed if it doesn't and that's our objective. There is no doubt that it is going to proceed. There is no doubt that we will be exporting and supplying uranium. Again, basically, I think for two reasons, leaving the financial gain to Australia aside for a moment. Australia is an energy rich country in an energy short world and that gives us an obligation to countries that are short of energy. But at the same time we have I think a higher obligation to do what we can to prevent the proliferation of nuclear arms, to prevent or to establish the safest possible system of trade in uranium and we therefore for those reasons have a strict safeguard policy which involves bilateral treaties private and quite apart from the international (inaudible) safeguards and being in the business of selling uranium; but at the same time seeking to maintain very strict safeguards which is, as we believe, are quite reasonable for any well intentioned customers. It is again a part of an international obligation. I have (inaudible) whether they are starting this year.

QUESTION: Can you see any obstacle at all in the way of possible sales of Australian uranium to France, or has that now all been cleared up?

PRIME MINISTER: I think a large part of it has been cleared up but there is the question of the negotiation of bilateral safeguards, as you know, and France would know what our bilateral safeguard requirements are. We have already negotiated previously with one or two countries, negotiating with others. I understand France wants to diversify her source of supply. I would hope conditions would be established in which there are no problems that would prevent that happening between us.

QUESTION: Are negotiations going on at the moment on this subject?

PRIME MINISTER: I don't think, I can this, we haven't met safeguards negotiating team and I don't think any negotiations have so far taken place with France.

(David - will you get the list of the countries with whom negotiations have taken place and somebody who can say how far the negotiations have gone and what's going to happen on the matter...)

QUESTION: You will be travelling to Europe next week; can you tell us how much you would expect from Europe on the more immediate issue of economic (inaudible) tariff concessions...in a more general way, how much would you expect from Europe in (inaudible)

PRIME MINISTER: I'm not going to Europe to negotiate on the bilateral matters between the Commission and ourselves. Last year in discussions with the European Commission and with other national leaders, including the Prime Minister of France and the President, the door was open to the framework of bilateral discussions which were taking place with the Community. I can't say that those discussions have always gone smoothly as we would have liked - there have been one or two delays which we think that should not have been there. But the discussions are now scheduled and they will be taking place early in June and Mr. Garland will be handling those discussions keeping in close touch with me in relation to them. But the purpose -- in terms of our bilateral relations and in terms of the well-being of Australia, they are vastly important and I think a number of people in Europe don't really understand the position that has developed. Because many industries in Australia have been established to supply Europe, supply Britain, and it wasn't over three or five or ten years time, it might have been over half a century or longer and industries like the meat industry, the cattle industry, the dairy industry, for example; in many parts of Australia you can only grow beef and then the Common Market comes along looking to join us and I am one of the very few people in Australian parliament who on political grounds supported Britain joining us, and I still support it, and yet I think the concept of (inaudible) with a degree of political unification playing a constructive and outward looking role in world affairs is quite critical for the peace and well-being of the world and I don't detract from that or alter it all. And I also don't criticize the objective of protecting European farmers. I think its an obligation on the Government of France to protect French farmers or the British Government, and the German and the Irish- but it is possible to pursue protection and I put this to the Prime Minister of France and I think he responded not unsympathetically to it when I made the point. I said we don't challenge the Common Agriculture Policy. We don't challenge your right to protect the European farmers. You'd be expected to and we know quite in any case it would be politically nonsense to think that any other course was possible. But we do believe that it should be possible to do that and

to achieve changes at the margin to these policies which would allow the prospects of some trade and that has been the basis of our approach, the basis of our argument. We're not seeking any revolutionary overthrow of existing arrangements of current policies but levy systems that allow the prospect of some trade. We don't unreasonably encourage the expansion of European surpluses which are then sold with great subsidies in the traditional markets of other countries. We, for example, used to supply the Sri Lanka market for flour, on a commercial basis. That's now supplied from Europe. On a restitution basis export subsidies and the market we have developed over many years therefore disappears because we are not in the business of competing with export subsidies. (Inaudible) in terms of 14 million can't compete with the capacity of 260 million to provide that kind of support to capture a market so you don't even start. We are arguing that the levy system, the common agricultural policy system, ought to be capable of operating in a way that does not unduly encourage surpluses in Europe but does allow the prospect of some trade from those countries that can produce well, effectively and efficiently; and then an export subsidy restitution policy is managed in such a way that doesn't damage the markets of third countries, the traditional markets that have been built up over time and I don't believe either of those requests are unreasonable. I think in terms of high principle the ones that (inaudible) should be supported. But however important these matters are to Australia, and they are very important because the well-being of our industries has been - and therefore large parts of Australia and many country towns and cities of Australia - have been living in a state of very real depression for many years and they will until we can get access to markets to some extent. And however important that is, the reason for my visiting Europe on this occasion is not to argue the bilateral case, that's in Mr. Garland's hands, is to discuss the general world economic situation, the MTN discussions, the UNCTAD discussions that will be taking place over the next few weeks. The major nations will be meeting in Bonn at the economic summit conference in July. President Carter said he hopes that the main lines of UNCTAD, of MTN, will be completed in July. Looking at it from this distance and the motivation that we see from this distance, I am not overly optimistic that the right decisions will be made. If the wrong decisions are made we do run the risk that Congress will become very protectionist, President Carter has held it back - the discussions are coming up in July, with the discussions coming up in July you can't go protectionist. There are protectionist tendencies in Europe also, not just in agriculture - in steel in other goods in matters affecting Japan and if the wrong decisions are made at MTN the dangers of the world falling back to "beggar-thy-neighbour" policies I think is very real and I think that will be tragic for the well-being of Frenchmen, of Germans, of Englishmen, of Australians and of all of us. What we have to try and achieve is an expansion of markets and through that an expansion of world trade. If we are all just going to argue about the set-up of existing markets there isn't going to be enough work for our factories, for our farms and for our mines and how therefore do you achieve an expansion of markets, an expansion of trade. The MTN proposal on industrial goods sounds fine, a 40% tariff cut across the line, but when you analyse it, it doesn't really mean all that much.

It comes down on a starting date, going back several years, you've got to exclude any prior European trade because that's not effective it's free anyway. You find that tariff cut will be operating on less than 20% of world trade. It doesn't start until 1980. Since tariffs are about 10% anyway it means that the proposal is for a half percent cut a year; of five years compulsory, three years optional, depending upon the economic circumstances of the time. Currency movements have more than pushed that sort of change aside in a matter of a day or a week and therefore that tariff proposal (inaudible) affecting industrial goods can't give you the forward looking step into a better trading world that everyone wants. It's just not possible. The substance isn't there and in any case, there are many qualifications that surround it. In addition to that, of course, it's a proposal that falls very uniquely in different countries. For Europe, North American and Japan about 40% of their exports would be covered, for Australia about 5%, for many developing countries less than 5%, so to the extent that there are benefits, the benefits are very unequal between the trading nations of the world. That all gets back to the proposition that if there ends up by being agreement between Europe and the United States as there was in the Kennedy (inaudible) agriculture is too hard an area, commodity is too hard an area in which to make progress, therefore leaves us with industrial good alone then I would suggest that the MTN can achieve itself - will achieve nothing - it can't be successful. If it is to be successful its got to be broad based. Its got to involve something for countries that aren't major industrial exporters and traders. Its got to be a (inaudible), its got to embrace the third world - they feel very much pushed aside when other people meet together and make decisions which affect their livelihood. We - don't hold me to the figures - but the terms of trade and commodities is worse than they have been for 15 years and (inaudible) I think would have had to expand by three or more times more than it has even to make up in the fall in the terms of trade to developing countries. Is it any wonder that they feel frustrated, distraught, wondering what's going to happen. At the last Commonwealth Conference, one of the African delegations said that when they first went to the Commonwealth Conference it felt so many people working so long, exporting so much (inaudible) to pay for the delegation and now with so many more people working so much longer producing about 10 times more (inaudible) to pay for the delegation because of the terms of trade. We believe that trade in commodities is very different from trade in manufacturers - its often a long-term basis, you can't change your supply base, you can't suddenly say well we will produce less cars, or we will produce less television sets or less refrigerators or whatever it is and organize it that way, cropping into long-term business, producing meat is a long-term business and you need to get stability built into it. Not at unreasonable levels, at reasonable ways and I think we've shown through international wheat agreements, through the International Sugar Agreement which I regret Europe hasn't joined, through our own operations of more marketing organization. We've shown them there - on one case on a unilateral basis through wool - and arrangement that has

benefited consumers and producers; through the other international arrangements matters that have introduced stability into the trade in the way that's helped many countries and consumers as well and there needs to be more of that, a greater understanding of the problems in the Third World. I think - so these are the real reasons why I want to visit Britain, France and Germany, to speak to the leaders of those countries. It is before the summit meeting will be held in Bonn, it's before the final decisions will be made at MTN and I believe that this year the world will set the trading pattern for the rest of this century. We are either going to make up our minds to go forward with confidence and common sense and decency, or we are going to end up scrabbling around like a lot of selfish nations damaging the world trading system and damaging the economic well-being of all our people. And I don't think we can assume yet that we are going to take a sensible path. Alright, Australia is just one of those middle-ranking countries and we live a long way from Europe, but I think you have an obligation to do whatever we can to join with others to try and achieve a sensible and a proper result.

...we had technical talks with a technical mission from (inaudible) there will be further talks. But the British asked (inaudible) for safeguards on supply - that's 90% (inaudible). We have had discussions with the Phillipines which is well advanced. We have talked with the Italians, we will talk with the European community next month. (Inaudible) discussions with Japan on safeguards very shortly. With Finland, discussions on safeguards are advancing well. We are going to have several negotiating teams so it is a question of negotiating with countries (inaudible).

[inaudible]...

discuss these matters with all the countries of Europe. We know Europe's need for power, need for energy. We recognize obligations to do what we can as a resource rich nation to fulfill that. As I indicated that also recognize our obligations to see that trade in uranium is undertaken in a way that does not lead to suspicion, promote suspicion, because its when you promote suspicion in the world that you achieve more suspicion...(end of tape).