



10

# PRIME MINISTER

FOR PRESS

9 JUNE 1978

## AUSTRALIA/EEC NEGOTIATIONS

The Prime Minister of Australia, Mr Malcolm Fraser, said today that he had received a report from the Minister for Special Trade Representations, Mr R.V. Garland, on the outcome of trade talks with Commissioners of the European Community held today and yesterday in Brussels.

Mr Fraser said that the Community's response to Australia's proposals for improving the present imbalance of trading opportunities with the Community was neither reasonable nor acceptable. It did not represent a serious response to the central thrust of Australia's proposals to get even marginally better access for beef and other agricultural products, as well as some mitigation of the Community's massive export subsidisation of agricultural surpluses which is adversely affecting Australia's export opportunities in third markets.

Mr Fraser pointed out that Australia was not seeking to balance its trade with the Community, which was heavily in the Community's favour. Rather the objective was to reduce the imbalance of trading opportunities. The present trading relationship whereby the Community has virtual access to the Australian market for exports of industrial products - and even some foodstuffs - cannot be balanced with a situation where the Community's market is virtually closed to a wide range of Australian agricultural exports.

Mr Fraser said that Australia, as a major world trader, regards an improvement in trade opportunities and in the balance of the trading relationship with the world's largest trading bloc as an essential basis upon which to sustain our future trade growth. Such an improvement is not only valid in the context of Australia/European relations, but it is also valid for the European consumers who are forced to pay much higher than world prices for their foodstuffs. In this regard the recent decision by President Carter to substantially increase the levels of beef imports into the United States is a classic example of the way in which improved access for primary products to the markets of the developed countries can assist in the fight against inflation.

.../2

The Community's response on our major items of concern, in particular beef, is that Australia should await results in the MTN. Mr Fraser said that Australia accepted that many of our problems could only be resolved in the MTN and that the Australian Government attached the highest priority to the achievement of a successful MTN package with a balanced outcome on both industrial and agricultural products. To this end, we had completely re-appraised our position and are now prepared to participate on the basis of a 40 percent formula cut on tariffs provided full reciprocity for our exports is achieved.

Australia would hope that all major participants will similarly re-appraise their MTN approach - especially the EEC.

Meanwhile Australia continues to see as essential the need for serious and sustained bilateral negotiations with the Community to provide the necessary basis for the successful resolution of our problems on the MTN. Such a basis cannot exist unless the Community is prepared to respond in a meaningful way to our proposals.

Mr Fraser said that the Community's response on beef, based as it is on the vague and ill-defined "joint disciplines" concept, does not offer real prospects of achieving reasonable or secure access to the Community market. Australia's beef proposals involve global access for about 4 percent of the Community's total consumption of 6.5 million tonnes.

Mr Fraser pointed out that Australia had been in negotiations with the Community since June last year when he and President Jenkins agreed that wide ranging discussions should be held on the totality of Australia's trading and economic relations with the Community. Mr Howard, the Minister then responsible, conducted a round of discussions with Commissioners of the EEC and Ministers in Member States. These discussions allowed Australia's concerns to be fully explained and explored. Mr Howard had left with the Commission at the end of last October a Note setting out substantive and concrete proposals for improvements.

Only now, more than seven months after Australia's detailed written proposals were conveyed formally to the Community, has the Community been able to respond. Even now, its consideration of our detailed proposals has been such that it has not even been able to give us a written response.

Mr Fraser said that after all these detailed and lengthy discussions the Community's response was disappointing and completely inadequate. It does not in any way help to improve the present unsatisfactory state of trading relationships between Australia and the Community. Indeed, it raises serious doubts about the Community's willingness to respond in any meaningful way to Australia's proposals.

Mr Fraser said that Australia could not accept the continuation of the present situation. A more careful response is required if satisfactory solutions to our problems are to be reached. Without such solutions the Community will force Australia to re-examine the totality of Australia's commercial and trading policies with the Community. There should be no mistake or misunderstanding about Australia's resolve in this regard. Mr Fraser said that Mr Garland would be reporting in detail to him and his Cabinet colleagues in Canberra. He will convey the considered response of the Australian Government to the Commission next week.

---