

QUESTION: Could you just run through why we are here, why you are here, why is Australia represented?

PRIME MINISTER: It goes back quite a way. There have been proposals for the establishment of a Common Fund around for quite some time, and this was a significant matter on the agenda of the Commonwealth Heads of Government Meeting in London. At that meeting I proposed there should be a Commonwealth technical group to try and define what would be possible and what was not possible because there were wide differences of opinion in the requests of the Group 77 and the B-Group countries. So at that meeting the Commonwealth Technical Working Group was established - Stewart Harris was the Australian representative on that. That led to a report which was discussed at the Commonwealth Ministerial Meeting. Before that there had been the Commonwealth Regional Meeting in Sydney where Australia announced a position on the Common Fund which was different to that of the B-Group countries - from the point of view of the Group 77 it was a significant advance, based on Australia's own experience with commodity arrangements, and based on what we believed to be reasonable. We also believe that if the Group 77 and B-Group countries remain stuck in their own paddocks, and nobody showed any sign of movement, and the two groups might be in negotiations, but they certainly wouldn't get to any agreement - there had to be movement. The sort of position that Australia had adopted then got quite widespread support at a later Ministerial Meeting, held, I think in April after the Commonwealth Regional Meeting in Sydney.

Meanwhile a negotiating conference had been held which ended in failure, and as you know, another negotiating conference on the Common Fund has more recently been held which did indicate a quite significant degree of movement from the B-Group countries - some movement in the Group of 77 but not necessarily a great deal. Out of that, I think - the last meeting, there was the prospect of an agreement of some future meeting, but still some quite significant points of difference, and maybe some points of difference of philosophy about what people think the Common Fund might or might not do. It is starting to get to the stage where people can talk more specifically about the areas and see if there are ways of resolving them.

At the Commonwealth Meetings, Manley had expressed concern about these particular issues. At the beginning of this year - nearly 12 months - originally proposed a meeting, and that proposal arose out of discussions he had with Helmut Schmidt designed to get some developing countries together in an informal and unstructured way to try and see ways through problems associated with the Common Fund and at the same time, some other issues that are - that are regarded as important in the general north-south dialogue.

Australia's concern is, I think, on the one hand to try and see that a reasonable basis for trade in commodities is established. We do know from our own experience in earlier times when we were much more dependant upon rural products than we now are, how violent changes in the prices for wool and for wheat and meat can disrupt an Australian economy. And that had been endemic with us for many years, when the mining industries changed that - and we are not as dependent upon those commodities now as we were. We do know from our own experiences how violent changes in prices and market opportunities for commodities can have a very severe impact on a domestic economy. For many developing countries the impact is much more severe than it would be for Australia because a number of them have almost got - in terms of exports - their one commodity economies. I have never seen - or been able to understand - why it is not possible to have trade organised on a sensible, commercially viable basis that does build in a much greater degree of stability than we have seen in the past. That is the origin of International Wheat Agreements, the origins of International Sugar Agreements, that is the origin of what we seek to do with all marketing. Some of those ventures have been marked successes.

Recognising the problem of developing countries, recognising that official aid alone is unlikely to solve those problems, Australia has been concerned to try and see that there are appropriate and reasonable marketing opportunities. That concern goes back quite some way. There are - the arguments not entirely an altruistic one, and I don't intend it is. To get the sort of view that we have been putting to developed countries is that to the extent that you can get economic take-off in the developing world, the markets are going to be expanded, and trade both ways will be expanded.

In terms of the general interest of trading nations, there is real benefit in trying to encourage a situation where developing countries can advance their own development programmes more technically, more efficiently, and that more countries, thereby, get to the stage of economic take-off and development - such as Korea and Taiwan have, Singapore, Hong Kong. The reasons for their successes all obviously differ, but in our own part of the world a number of the developing countries are showing very marked success in the management of their economies - Malaysia also.

I think Australia was asked - or I was asked - to come to this meeting as I was to go to the meeting which didn't take place last May, because of the concern and interest that Australia had shown in this particular topic, I think because of our willingness to break away from the fixed, B-Group positions for the first time, and try and quite positively promote a dialogue and discussion that would help to get to some form of agreement. Apart from the fact that I had to leave Australia on Christmas Day, the timing of this particular meeting is appropriate because it is taking place after the negotiating conference and it is possible therefore, to review the progress that was made, and to review also the areas where there are still differences, and try and assess how important they are. It ought to be emphasised

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that this is not a negotiating meeting over the next couple of days - nobody is here from that point of view. It is to have an exchange of views, to see to what extent there is a meeting of minds on these issues, but it is another forum, to negotiate. I believe there is value in an exchange of views from a diverse group of countries as the ones who are meeting here in the next couple of days. Because of the nature of the discussions, we can't expect policy announcements and policy decisions. Lines of action may emerge when there is a reconvened negotiating conference, as there will be sometime in 1979, which make it a bit easier for the reconvened conference to get to agreement on some of the outstanding issues.

That's it so far as the Common Fund. Asking why Australia is here - it is our interest in relation to the Common Fund and the attitudes that Australia has expressed which would have lead to me being asked to be present, and because of those very attitudes we have taken and expressed over the last couple of years, I certainly felt an obligation to Mr Manley to be here.

QUESTION: Do you envisage the meeting concentrating pretty well solely on the Common Fund?

PRIME MINISTER: No I don't, I think it will concentrate on some other issues. I know some countries will want to talk about what they term the transfer of resources, which I don't think is necessarily a good term. Because improving better terms of trade, better market access can so often do more for a country. You can work out, I think I did some time ago, you would have needed to increase official development aid four times to make up in the four terms of trade that have occurred over the last 15 years - but don't hold me to those proportions, or to the actual time scale, but it just makes the point that terms of trade in developing countries is not only - but of vast importance to them - and in the longer term probably a good deal more important because it is more substantial than official development assistance is likely to be. I think that there may be some discussion about the World Bank and International financial institutions. McNamara has got plans, as you know, to try and expand the capital of the World Bank and Australia has supported that in principle although I don't think we will commit ourselves to any precise figure. In principle we certainly support the expansion and capacity of the World Bank. I think the progress at MTN will also be discussed. Even though everyone has been saying that agriculture has got to be included or whatever, there is still, I suspect some danger that the MTN will end up by being not completely, but perhaps for a significant part, an arrangement between Europe, North America and Japan. To the extent that that is so, I think it emphasises the importance on making progress in such matters at the Common Fund, because again, leaving Australia's own particular position out of it, for a moment, if the MTN does end up by being something which seems significantly of being of benefit to Europe, North America and Japan, because they are major industrial nations, then a very large part of the world - most of the developing world - is in a position of being excluded

from any advantage of the so-called freer access to trade or markets - the Common Fund discussion take place in a different form, UNCTAD and whatever. But if it was to end up an advantage to those three major industrial groups, and if the differences which are starting to be narrowed, but still remain in Common Fund negotiations aren't resolved by the time you get the major discussions at UNCTAD five in Manila which is in May, that could plainly be in those circumstances a very difficult forum - and understandably so. Again, it is in the interests of all of us, I think, to not only try to make sure that the MTN does end up broader based, but also to make progress on the other issues.

QUESTION: Early this year I think it was Strauss said that the Americans would walk away from those talks, his phrase "a final agreement which did not include agriculture". Do you feel that if it goes as you are forecasting ...

PRIME MINISTER: I am not forecasting - and don't write it as a forecast please - I am saying it is a danger. Until you see the final package you are not going to be able to assess what the result will be. It always has been a danger, until the final package is determined it will remain a danger.

QUESTION: Do you think the Americans have .. down?

PRIME MINISTER: It is too early to say because what I have said is not a forecast. So far as Australia is concerned the negotiations - the European negotiations relating to MTN, American negotiations relating to MTN, and Japanese, in some of those areas I have not doubt we will make progress - no doubt at all. The extent to which the United States will throw her weight behind the need to include agriculture in the final result of MTN has yet to be proved and demonstrated. I know they have done a great deal - and Strauss has spoken pretty trojantly on the issue, but it is the result that will be the testing ground. The result could be adequate, and I have not the slightest doubt that the United States will have to throw her own negotiating strength behind trade in agriculture in which the United States is not intimately involved, or intimately concerned. There are some commodities which the United States is intimately concerned, and clearly she will throw her negotiating weight and strength behind those things. For there to be adequate progress in the other areas the United States will also have to throw her weight behind the freeing of trade in other commodities.

QUESTION: So the trend in which things are going at the moment ...

PRIME MINISTER: Don't make an assumption that the United States is not doing that, because the assurances they have given Australia are very real and very strong. The assurances are from - you have mentioned Wolfe, but I think in a personal letter to me the President himself has given the same assurances. Against that, I think everyone knows the European Community can be fairly firm in their views.

QUESTION:

Assurances

PRIME MINISTER: The assurance is that the United States will not regard the MTN a success unless it is broad based and unless agriculture is included.

QUESTION: What do you mean? Do you mean that Europe will make some changes in its subsidy arrangements for agriculture, is that .. or are you talking about beef exports to Japan ..? a series of bi-lateral meetings? What exactly are our proposals of the beef and dairy products, and access to the markets for them?

PRIME MINISTER: In terms of the beef, Lindsay Duthie could give you a run down on that if you wanted it. The two main areas in which Australia is concerned are obviously in terms of market access, but also in terms of export subsidies.

QUESTION: Would you be talking with Herr Schmidt while you are here about access for beef..products to the EEC?

PRIME MINISTER: Not, in this conference, no. I have no doubt there will be some discussions outside the conference, but I wouldn't be intending to raise any bi-lateral matters at the conference

QUESTION: But outside?

PRIME MINISTER: Outside there will be some discussions, I have got no doubt.

QUESTION: Are you saying then that the success of the MTN from Australia's point of view then really depends on how tough the American ...

PRIME MINISTER: I think it depends on the United States negotiating strength, yes I do.

QUESTION: What we get out of MTN?

PRIME MINISTER: Not just Australia, there would be many countries involved.

QUESTION: But Australia's own position?

PRIME MINISTER: Yes, but I am not talking about it from a bi-lateral point of view when I say that.

QUESTION: This communication from the President was a recent one was it?

PRIME MINISTER: It was a letter throughout the course of this last year - I haven't got the date of it.

QUESTION: I was just wondering about the context of the letter - was it the same time that Strauss was saying ...

PRIME MINISTER: They have all said it. It's been published too, the substance of it was published.

QUESTION: Did you mention wool .. or did I ..?

PRIME MINISTER: I didn't mention any particular commodity. Wool is not a problem with Europe so much.

QUESTION: I thought you might have meant an arrangement with the US.

PRIME MINISTER: The known threat to our exports on a continuing basis, apart from market access to Europe, comes from a continuation of high export subsidies. That is the main threat to our trade.

QUESTION: But there is nothing going to happen on that .. in the MTN?

PRIME MINISTER: There are export subsidy codes, we have yet to find out what those codes finally say.

QUESTION: But even if we still have the codes there is still an immense amount of bi-lateral dealings isn't there on the arrangements between Europe, Japan and the US ..

PRIME MINISTER: There is a good deal of bi-lateral discussions, all within the MTN context.

QUESTION: What you are really saying is that the trend at the negotiations is such that there is a danger that there may not be major concessions on agriculture - that's.. particularly to flow from the intragience of the EEC, doesn't it?

PRIME MINISTER: I think that is a fair statement, but it's not a new statement, it has always been there. I am not making the danger now as something greater than it was a month ago, or two or three or four months ago - please don't lose the reason why I am making this comment. I make the comment to emphasise the importance of making advances on matters that are of interest to the developing world. If you get agricultural commodities not getting much benefit out of this round of MTN discussions, it then does become something of significant benefit - to the extent that it is a benefit - it is a benefit for North America, Europe and Japan and that leaves many countries - and the developing world in particular with the feeling of exclusion. That, again, just emphasises the importance of making progress in other forums. The other forum of most relevance to all of that is UNCTAD and the Common Fund negotiation.

QUESTION:.. importance of the American's position, the strength of their negotiations.. reemphasise the agricultural positions .. in connection with the MTN?

PRIME MINISTER: I wouldn't want this directly attributed to me at the moment, but one of the points I will be making is the importance of making sure that the MTN result is broad based. I think the arguments in support of that are very strong ones.

I don't want you writing directly what I am going to be saying to President Carter when I see him - so don't put that part ...

QUESTION: What sort of time frame do you see now on a resolution of the MTN?

PRIME MINISTER: I understand people are talking about next March or April, but last April/May they were talking about July 15, and then they were talking about December the something or other. I am a little but sceptical about closing dates - there is a great deal of negotiation still to go on.

QUESTION: Just on this point of attribution, we can "expect" that you will be making ...

PRIME MINISTER: I would sooner you made it as remote as possible.

QUESTION: (inaudible)

PRIME MINISTER: You can expect that from what I have said in the past, or whatever. That has been the argument we have used ... the industrial tariff proposal is fairly imminent, if you are looking for something that is going to give an expansion to markets, a boost to world trade, you have got to go beyond that. That is one argument; the other argument is the geographic argument, in which the industrial tariff proposal alone - too many countries are basically .. to benefit. It is a two-fold argument, I made the views publicly often enough.

QUESTION: You met Mr Manley this morning, could you tell us what you discussed?

PRIME MINISTER: We wanted to exchange views on the format of the discussion, and the informality that there would be and had a brief discussion about the nature of the agenda and the format and order of that and we had some discussion on the Common Fund issue.

QUESTION: Have you met any of the other Heads of Government

PRIME MINISTER: No, not yet.

QUESTION: .. tonight ..

PRIME MINISTER: Could be, but I am not quite sure what their movements are.

QUESTION: Is Andrew Peacock here yet?

PRIME MINISTER: I think he is driving from the airport - he should be here any time.

QUESTION: How long did you meet Mr Manley for?

PRIME MINISTER: About an hour.

QUESTION: Do you envisage in these discussion you will be playing a bridging role .. for Australia between ...

PRIME MINISTER: I am not envisaging any particular role for Australia - I have given the reasons why I think Australia was asked, and that is all on the record in a sense. I just have to see how the discussion goes, I think.

QUESTION: I was just wondering how the proposals of the Grou-B and Group 77 could be brought closer together?

PRIME MINISTER: It is a question of analysing the differences, and in this area it is important in a sense to analyse the purposes that people have in mind. One of the things that I think emerged in the last negotiating conference is that there maybe a conflict of philosophy. If you want something which will help to stabilise prices on a commercial viable basis that is one thing, but if you want a device which is going to result in the north-south terminology of a massive transfer of resources that seems to be a different sort of operation. There appear areas where matters need to be defined - the second window operations haven't been defined. It's not surprising that people might be reluctant to finance second window operations if they don't know what the purposes are - Australia said it is prepared to finance second windows but we have attached our own definition to it, to give an example of what we think would be responsible.

QUESTION: Will you be tossing up some proposals which conceivably might bring the two sides closer together?

PRIME MINISTER: We have been - and I think other people have to - have been looking at the results of the negotiating conferences to see what the areas of difference are and what the options might be for overcoming some of them. In some of the areas there might be several ways of overcoming the difference. In other areas you can get a more precise definition of what is intended, what is in mind - that in itself might help to remove differences, or to remove concerns.

QUESTION: Prime Minister, we are taking part in negotiations related to the MTN on new wheat arrangements. What proposals will we be putting forward for linking a new wheat agreement to a Common Fund?

PRIME MINISTER: I don't know that we have put forward any, but to get to the details of that, I would ask Lindsay Duthie.

QUESTION: Have you named an amount that Australia is willing to contribute .. to start off .. the Common Fund?

PRIME MINISTER: No, not yet, I don't think it has got to that stage.

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PRIME MINISTER There was an obligation to see what can be done to help them. I believe the Conference can play an useful role in helping them. May be defined in the minds of the participants at any rate, the ways in which the difficulties the remain to be overcome.

QUESTION

You don't seem to be, you know, really enthusiastic about this.

PRIME MINISTER

It's not a question of lack of enthusiasm, it's a question of being cautious about somebody writing the great results, great decisions are going to be prominent. It's not that sort of conference. It's not a negotiating conference which is going to make decisions. There is nobody who can make decisions for the B group countries, there is nobody here who can make decisions for the group 77. But it is possible to have people from different perspectives and different points of view. It's defining the issues and searching their own minds for a solution which may or may not be acceptable to other people. Now, if you can do that an advance has been made and there will be a great chance that the next negotiating conference thereby will be successful.

QUESTION

Would you say there would be any chance (inaudible)

PRIME MINISTER

None at all.

QUESTION

(inaudible)

PRIME MINISTER

Well, we have got about 4 days to go yet.

QUESTION (inaudible)

PRIME MINISTER ... I thought you said this calendar year.

QUESTION

No.

PRIME MINISTER:

I would have hoped so.

QUESTION:

PRIME MINISTER: I think there will be a very great deal of disappointment and even bitterness. UNCTAD (V) in Manila which Allan Griffiths reminds me will be held about May, if there can't be some agreement by then.

QUESTION: Prime Minister, I think it was in June that Mr Anthony and yourself announced Australia's response to the MTN (inaudible) of the 14 per cent cut of tariff. We believe propositions that you or Mr Anthony put forward had a number of conditions attached to it. Could you tell me whether that offer is being changed?

PRIME MINISTER:

QUESTION: Whether its being adhered to or whether its being accepted. What's the status of that in the MTN?

PRIME MINISTER: Oh, it stands. In some areas countries would want us to approve an offer and in other areas we would believe that in any sense of response to the kind that would enable that offer to stand. But, at the moment, it stands. And we hope that the response ultimately will be such that will enable it.

QUESTION: Is it more likely to be withdrawn than improved?

PRIME MINISTER: That depends on response from other countries.

QUESTION: (inaudible)

PRIME MINISTER: You can't judge that clearly. But that will be one of the matters before us over the next two or three months.

QUESTION: Does a lot of the disagreement on the Common Fund boil down really to the size of Fund operations?

PRIME MINISTER: No, I think there are a number of areas. It must be very hard to write this stuff because it is technical. And hard to get, you know, off the record, who are the mystics (?) Sorry, where were we?

QUESTION: You were saying it's hard to write.

PRIME MINISTER: Well, I think it is, because its technical stuff, first window, second window. What's does that mean to us? The bloke in the street -- but there are some disagreements about the amount that will go into the market stabilising operations.

PRIME MINISTER: (Contd) That's the first window. There are some who want a direct link between the first window and the second window. There are others in the B group countries who oppose that very strongly. There are some who don't want to put any money into the second window operations. On the other hand the Group 77 would be unwilling to define second window operations. And while we have said we are not prepared to put money into the second window operations, for example, research and promotion and matters relating to trade and the product, we would have very grave reservations about second windows purposes were undefined. But it ought to be possible to get down, and say, well alright, let's define the purposes of the second window operations. Is it research and promotion? Does it go beyond that? And the people who are genuine about it -- there ought to be some things which it can get agreement and maybe keep the options open for a later review stage, as to whether the purposes should be extended. So, one of the underlying differences which might be of philosophical difference, is whether or not people are looking at the Common Fund as a stabilising market prospects, stabilising trade in a commodity, or whether they're also looking for a Common Fund as a means of a dent (?) in the North/South jargon, for a massive transfer of resources. In which case, it's in a sense it's another question. That might well be a world bank question, or a CHILMID (?) question. But it's not really a question related to the purposes of the Common Fund, as I understand it any way, and I think out of the negotiating Conference, there may be underlying the attitudes of some differences in purpose. Well, again it ought to be possible on analysis to analyse that out and define it.

QUESTION: The developing countries, I think, on occasions have talked in terms of 6 billion dollar funds. Haven't they? Presumably Australia wouldn't agree to anything that great.

PRIME MINISTER: Well that doesn't seem to be I don't think people are talking in those terms now. That's only half the annual agricultural subsidy that's only half the annual export subsidy.

QUESTION: that would involve a pretty big transfer of resources presumably on the (inaudible) scale.

PRIME MINISTER: But people aren't talking about that.

QUESTION: Would we be fairly close to the American position now which they're apparently prepared to make a contribution, a direct contribution, to that (inaudible)

PRIME MINISTER: Well I haven't seen them put a figure on it.

QUESTION: Well I think that's been reported.

PRIME MINISTER: I think they've been very close to our position over the last few months. Lindsay Duthie, Rawdon Dalrymple were both over in the States two or three months ago talking with Dick Cooper (?) & Company about this. There are still some differences between our view and the United States, but much less than there were six or nine months ago.

PRIME MINISTER (Cont'd): But they've moved their position quite some way as indeed the B Group countries as a whole did at the last Negotiating Conference. They are all much more forthcoming than they have been.

QUESTION: Have you had any bilateral discussions with either now or in the immediate past about registering the Common Fund system.

PRIME MINISTER: No, it has never been raised. Never.

QUESTION: (inaudible)

PRIME MINISTER: Well he was very much involved and I was partly involved in whatever came out. You know a lot of people were involved in helping draw up that communique

QUESTION: (inaudible)

PRIME MINISTER: Well, people representing South Africa achieved the

QUESTION: (inaudible)

PRIME MINISTER: Well, again there were these particular .. not only that issue, but also again the issue of the Common Fund. Set out in the agenda of that particular Commonwealth Conference. It was that Conference that set up the original Commonwealth Technical Working Group which I mentioned Stewart Harris was on. Walker of Jamaica was Chairman of the Negotiating Conference and Jamaica is, quite apart from Manley's own position, it is for that reason that significant in the Common Fund discussion dialogue.

QUESTION: Could you run over the discussion with Manley this morning.

PRIME MINISTER: It is on the tape. David will play it back to you, won't you David? But briefly there was about an hour's discussion. We talked about the agenda, we talked about the format of the meeting, we talked about Common Fund issues.

QUESTION: PM there is an internal Government document which outlines the political and economic situation in Jamaica at the moment which is highly critical of Mr. Manley's handling and says that some Ambassadors here told their Governments that Mr. Manley may be using this Conference to boost his own domestic image. Do you have any comments on that?

PRIME MINISTER: Well I don't want to make any comment on Jamaica's internal situation but let me only say that I believe that Michael Manley's attitude in relation to the Common Fund and North/South issues is a very genuine attitude and in terms of trying to get stability into the trade

PRIME MINISTER (Cont'd) the objective is one that Australia shares. We can share it out of our own experience. Commodity trade which has fluctuated wildly has immense effects on the fortunes of areas, groups and really at times Australia as a whole. He is, by any standards, one of the more significant figures in the group 77. I accept and I believe that the other countries who are being present here also accept the importance of the nature of the discussions and the fact that they are based out of a very genuine concern of the issues. I haven't got any reason to doubt that for one moment.

QUESTION: Do you regret, P.M. that some other countries ..

PRIME MINISTER: I think it would have been helpful. You have got a pretty wide cross-section.

QUESTION: Do you think US presence here could help specifically?

PRIME MINISTER: I don't think I want to comment on whether a particular country would or wouldn't help. You can go through all the gamut of countries.

QUESTION: But I mean the United States is in a rather special ..

PRIME MINISTER: I know that Manley had some very close conversations with the President over these issues at Panama pre to signing whatever earlier in the year, so there have been discussions going on, I don't want to comment on the presence or otherwise of other particular countries.

TAPE FINISHES