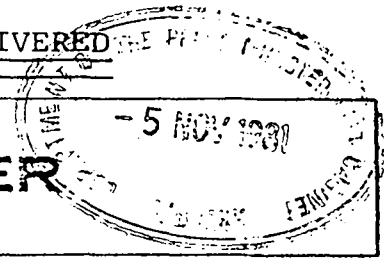




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**PRIME MINISTER**



FOR MEDIA

WEDNESDAY, 4 NOVEMBER 1981

ADDRESS AT THE 8TH SESSION OF THE COUNCIL OF MINISTERS OF  
THE INTERNATIONAL BAUXITE ASSOCIATION

It gives me great pleasure to address you today on behalf of the Government of Australia. I welcome you to Australia, and especially to our national capital, Canberra.

Australia has been a member of the International Bauxite Association since it was formed in 1974. Our membership reflects the importance of bauxite and alumina to Australia: we are the world's largest producer, and third largest exporter of bauxite, we are both the largest producer and exporter of alumina, and we are expanding our production of aluminium. However, our membership also reflects our desire to assist developing countries to achieve fair and reasonable returns for their raw materials exports; and our desire to support international co-operation on commodity trade matters. We also see the promotion of domestic processing of raw materials as a significant means of promoting economic development.

As a significant producer and exporter of bauxite and alumina, Australia is conscious of the effects of the downturn in the world aluminium market, and the consequent decline in demand for bauxite and alumina. The effects on producing nations are being reflected in significant cutbacks in production, and being accentuated by downward pressure on prices. No doubt, the state of the world market and of the world economy in general will be a principal subject of discussion for ministers at this Conference. Let me offer two observations relevant to that subject.

First, as much as we may wish otherwise, the prospects for all of us are significantly affected by general world economic conditions. There are things countries can do on their own account to improve their position, but trade dependent countries are particularly affected by the economic circumstances and policies of the major industrialised countries, particularly dependent on the industrialised countries getting their own policies right, getting their own economies right. The policies of the United States Government, for example, and the state of the United States economy, are of central importance to many parts of the trading world, not only because the United States is the largest importer of products that members of this association produce, but also because world economic conditions are greatly affected by domestic United States economic conditions.

Second, and a source of rather more optimism, there are signs of an underlying strengthening of the demand for aluminium. It is becoming an increasingly important material in packaging, building and construction, electricity transmission and especially transportation. That trend offers good prospects for the future for all of us, but especially for those countries which take advantage of the higher returns available from their raw materials by encouraging greater domestic processing.

The problems of depressed, and often volatile, world prices for resources and primary products, a lack of progress in reducing barriers to trade in commodities of particular concern to developing countries, and the general impact of the slow growth of world trade have also served to highlight the significance of what are often referred to as north-south issues, issues that primarily concern the obstacles to progress in the economic development of the poorer nations of the world.

Australia has believed for some time that progress on north-south issues is important for the well-being of the whole world. There is, of course, an overwhelming moral and humanitarian case for assistance to those people who are living in unfulfilling conditions of poverty. But progress in promoting the dialogue between the north and the south, and in integrating the South into the world economy to a greater extent is at least as much a matter of enlightened self interest for the North. Without such progress, political and economic unrest may worsen, so heightening East-West security tensions and opportunities for expanded trade that are of mutual benefit to the North and the South will certainly be missed.

The reciprocal nature of the benefits from expanded trade between developed and developing countries needs, I think, to be much more widely appreciated than it now is. Some 25% of the West's entire trade is with developing countries, and the proportion is even higher for the United States (40%), and for Japan (50%), so many millions of employment in the factories of Northern countries is dependent upon trade with Southern countries. If that trade did not exist, the economic problems of North America and of Europe would be infinitely greater than they now are. Moreover, between 1973 and 1978 compared with an average annual growth in exports from developing to developed countries of around 10%, exports from developed to developing countries increased at an average annual rate of over 26%. Without growing markets in developing countries, employment prospects and prosperity in developed countries would be significantly lower today, but unless the developed countries are prepared to provide market access to developing countries in return, they will cut off an important source of support for their growth products. All of this represents an argument from enlightened self interest from the countries of the North and I suspect that that is the kind of argument that is most likely to attract them. But it does not matter which argument attracts the countries of the North so long as in the coming months there is action on these fronts.

Australia recently hosted the Commonwealth Heads of Government Meeting (CHOGM) in Melbourne and that was attended by 42 Heads of Government or their alternates, representing a quarter of the world's population from both developed and developing countries. An important outcome of that meeting was the strong positive support

given to initiatives reflecting both the spirit and the substance of the North-South issues through the Melbourne Declaration and through the Communique. The Declaration signifies the strong commitment of the Commonwealth leaders to progress in North-South issues, while the Communique proposes practical action to overcome many problems in vital areas.

Two weeks ago, 22 Heads of Government representing over two-thirds of the world's population met in Cancun, Mexico. The subject of their discussions was also the North-South issue. The Cancun discussions were conducted, as I am advised, in a constructive spirit and while the progress that is so essential has not yet been achieved, while the will to advance our objective needs to be further strengthened, a basis of understanding has, I believe, been established and the impetus for continuing discussions and negotiations which was also developed at the Ottawa summit and the Melbourne meeting, needs to be maintained. Australia will continue to emphasise through all channels open to it the vital importance of getting global negotiations moving. At the same time, however, we shall continue to promote a number of special initiatives that would in themselves lead to improvements in international well-being. Our Foreign Minister, Mr. Street, will shortly be visiting the United Nations so that he can advise the Government better on the ways and means in which Australia, through the agencies of the United Nations, can help to promote those global negotiations in general terms and in the specifics to which we and many other countries are committed. It is not going to be good enough for countries to sit back and let others take the running. I think we all need to do what can be done in these particular areas.

World food security is a basic and vital goal that is presently being discussed in many international forums - a very important part of the North-South dialogue. Australia supports and has contributed significantly to international efforts to improve food security. We believe this can be most rapidly achieved through measures which encourage increased food production, particularly through the use of appropriate price incentives. We have taken some initiatives of our own account to assist developing countries in their food production. We are, in a sense, throwing open access to the research establishment in Australia which is a large one - Government funded and in universities and in State Departments - to help solve some of the agricultural and pastoral problems that may be being experienced in developing countries. We are providing considerable funds for that purpose. We also consider that food security will be considerably enhanced by reduced protectionism in agricultural trade of particular importance to developing countries and by encouraging new donors to meet international food aid targets. There is, moreover, a need for guidelines designed to ensure the security of food supplies to developing countries in global crop shortfall situations.

Official Development Assistance has an important role to play in development, not only in food but in other areas of great importance to developing countries. Australia has recently increased its aid allocation by almost 20%. However, we recognise that official flows will remain inadequate probably for the task, and in this context, we believe that private enterprise and private investment have an important role to play.

The tendency towards increasing protectionism poses a particular obstacle to world trade development. Protectionism in agricultural trade, again of particular importance to developing countries, and the use of non-tariff barriers to trade are particularly damaging.

It is our view that reduced protectionism will encourage growth which will benefit countries of the North and of the South. The potential gains from liberalisation of trade are especially significant for agricultural trade. Indeed, an UNCTAD study conducted in the 1970s estimated that removal of barriers to agricultural trade in goods relevant to developing countries would increase export earnings of developing countries by an amount equivalent to some \$30 billion a year in 1980 values. That is a very significant and substantial amount, and quite obviously if financial flows were increased by that sum to a number of developing countries they would be able to do so much more on their own account.

A strengthening of the GATT offers a potential source of progress in this context and Australia supports strongly the GATT ministerial meeting proposed for 1982. We also very much hope that maybe for the first time the GATT will be able to pay adequate attention to the problems of trade in agricultural products because in the past they have concentrated on industrial products, and barriers there have been reduced in significant ways, but barriers in agricultural trade have not really been reduced at all, especially from the European Community.

We in Australia are conscious of our fortune in being generously endowed with many sources of energy, and equally conscious of the important of energy in development, and of the need for developed countries to assist developing countries to adjust to the changing energy situation.

We support increased lending by the World Bank to developing countries for development of energy resources and for conversion to more efficient forms of energy usage, and we support the establishment of the proposed World Bank energy affiliate to develop new sources of oil and promote alternative energy sources.

Finally, I would like to point to one important achievement already made through the North-South dialogue: the establishment of the Common Fund for commodities. Australia strongly supported this initiative. In particular at the Commonwealth Heads of Government Regional Meeting in Sydney a few years ago, we announced attitudes markedly different to those of other developed countries in a real effort to break the deadlock between the positions adopted by major groups of developed and developing countries. This is one of the things which is of concern to us; that there are rigidities in the negotiation process that often inhibits progress and makes progress difficult. Without being critical of either grouping, the Group of 77 come to a view, if that view is to be changed much work has to be done within the Group of 77 itself and if a modification is needed to reach agreement to make a sensible advance, that modification can be hard to achieve in a speedy way through those processes. Equally, of course, the B Group have their own caucused position and if they need to modify a position to enable progress to be made through negotiation the modification of their own situation can be difficult and hard to achieve. That had been the situation during the negotiations

on the Common Fund, and as a result of it Australia in a sense deserted the B Group and took a separate and independent position. In a sense, I suppose, we jumped into the middle ground. But I believe that breaking of the ranks, if it can be called that, was instrumental in causing people to assess their positions to enable progress to be made. But these are matters that all need to be examined very closely in the preparations for the global negotiations which we hope will take place in the coming months.

Australian Ministers and officials had followed up with intensive discussions with many countries that had taken opposing positions on the Common Fund issue and as we now know, eventually the dialogue was renewed and the necessary compromises were worked out and agreement was reached.

The Common Fund, by providing a mechanism for stabilising commodity prices and commodity trade, does offer mutual benefits to commodity producers and to consumers, and has the potential to contribute to the economic progress of developing countries through means in addition to aid, or other than aid, by providing more event returns for the commodities that they have to sell. The agreement to the Fund's establishment, moreover, provides an example of what can be achieved through dialogue pursued in a determined way. We now urge other countries to ratify that agreement so that it might come into effect at the earliest possible date.

Ladies and gentlemen, just as there is a need for truly global negotiations on the broad range of issues that comprise the North-South dialogue, so too there is a need for international meetings between countries with specific common interests and problems.

The International Bauxite Association provides a forum which permits member countries to exchange information and views on matters of common interest and concern. I hope that members will continue to find the International Bauxite Association a valuable forum for these discussions.

It gives me very great pleasure indeed to formally declare this 8th Session of the Council of Ministers of the International Bauxite Association open, and to wish you every success in your deliberations. I hope you not only have a productive time when you are in formal session, but I hope you also have some time to see a little of Australia and to enjoy something of Australian hospitality.