



PRIME MINISTER

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The US Government's recent announcement of a program of export assistance for US agricultural exports has wide-ranging implications for international trade in agriculture. The US export enhancement program is intended to increase US agricultural exports and challenge unfair marketing practices.

As this program has evolved, the Australian Government has brought to the attention of United States' authorities our concerns about the program and identified legitimate Australian interests which could be affected by it.

On 6 June I wrote to President Reagan, drawing attention to these interests and recalling discussions on this subject which I had in Washington in February.

Last week, John Kerin discussed the matter with US Secretary of Agriculture, John Block, as a follow-up to a letter which Mr Kerin had sent to his US counterpart on 22 May.

In these various representations there are three points that we have sought to stress:

- We appreciate the frustrations with unfair agricultural practices, particularly those of the European Community, which have in part led to the United States' program. Our own agricultural sector has for a number of years been severely affected by the use of EC export subsidies.
- We would hope, and expect, however, that the program would be targeted, both in terms of products and regions, in such a way as to minimise the damage to countries, such as Australia, that are efficient and competitive suppliers.
- We would have preferred that the problems to which this program is directed were dealt with in a broader negotiating framework.

This last point is crucial. Indeed, any success the US export enhancement program might achieve will rest on its ability to bring other trading countries and blocs to the negotiating table, where the distortions in agricultural trade can be properly addressed.

This is an ultimate goal which we share with the United States if, as is the Administration's intention, their own farm sector is to become more market-oriented.

In our approaches to the US Government we have received encouraging assurances that in the implementation of the export enhancement program the interests of countries such as Australia will be taken into account. The process of consultation will take tangible shape tomorrow when Australian officials and a representative of the Australian Wheat Board meet in Washington with representatives of key Departments of the United States' Administration.

My Government attaches considerable importance to this question and, should the need arise, an opportunity to discuss it further will be presented when Secretary of State, George Shultz, visits Australia in July.

The United States sees this new initiative as the only alternative left if it is not to lose further its share of the world market. Australia is not in a position to meet subsidy with subsidy. Our markets are under a potential threat. It is against this background that we will continue in our constructive efforts to help bring the international trading community to the negotiating table for the purpose of establishing fair rules for trade in agriculture which all nations will adhere to. This is the only effective and equitable way of dealing with the serious problems we now face.