



**PRIME MINISTER**

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CHECK AGAINST DELIVERY

**SPEECH BY THE PRIME MINISTER  
MINISTERIAL MEETING OF FAIR TRADERS IN AGRICULTURE  
CAIRNS - 25 AUGUST 1986**

**DISTINGUISHED GUESTS,**

I EXTEND TO YOU MY WARMEST WELCOME TO AUSTRALIA AND TO THIS HISTORIC MEETING OF AGRICULTURAL FAIR TRADERS. I HOPE THE VENUE HERE AT CAIRNS WILL PROVIDE FOR YOU A CONGENIAL ATMOSPHERE FOR YOUR DISCUSSIONS OF A VITALLY IMPORTANT AGENDA FOR ALL OUR COUNTRIES.

I THINK IT IS NO UNDERSTATEMENT TO SAY THAT THE GATT MINISTERIAL MEETING AT PUNTA DEL ESTE IN SEPTEMBER TO CONSIDER THE LAUNCH OF A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS WILL BE THE MAIN AND PROBABLY ONLY OPPORTUNITY OVER THE NEXT DECADE FOR SETTING IN PLACE MULTILATERAL MECHANISMS TO RESTORE SOME SANITY IN THE INTERNATIONAL AGRICULTURAL TRADING SYSTEM.

IT THEREFORE GIVES ME SPECIAL PLEASURE TO WELCOME TO CAIRNS MINISTER IGLESIAS WHO WILL BE CHAIRING THE MINISTERIAL MEETING IN PUNTA DEL ESTE. I HAVE DISCUSSED AGRICULTURAL TRADING PROBLEMS BRIEFLY WITH MR IGLESIAS IN CANBERRA. I WAS BOTH IMPRESSED AND HEARTENED BY HIS KEEN APPRECIATION - AS FORMER EXECUTIVE SECRETARY OF THE ECONOMIC COMMISSION FOR LATIN AMERICA AND NOW AS EXTERNAL AFFAIRS MINISTER IN AN EFFICIENT AGRICULTURAL EXPORTING COUNTRY - OF THE FUNDAMENTAL IMPORTANCE OF SEEKING REMEDIES TO THE AGRICULTURAL TRADE CRISIS THROUGH THE NEW MTN ROUND.

WE MIGHT ASK WHAT IT IS THAT CHARACTERISES THE POSITION OF ALL COUNTRIES ASSEMBLED HERE. IT IS NO MORE NOR LESS THAN THEIR DETERMINATION TO SEEK FOR THE EXPORTS OF THEIR AGRICULTURAL INDUSTRIES THE SAME REGIME OF INTERNATIONAL TRADING RULES AS THE MAJORS HAVE APPLIED FOR DECADES TO TRADE IN INDUSTRIAL PRODUCTS.

THE TASK BEFORE THIS GROUP OF FAIR TRADERS IS TO DEVELOP TACTICS FOR MAXIMISING ITS INFLUENCE IN PUTTING AN END TO THE ECONOMIC MADNESS NOW PERVAING WORLD AGRICULTURAL TRADE.

THE DISTORTION OF THE WORLD AGRICULTURAL PRODUCTION AND TRADING SYSTEM HAS REACHED LUDICROUS PROPORTIONS. EACH YEAR THE EUROPEAN COMMUNITY CHANNELS INTO AGRICULTURE IN THE ORDER OF \$US100 BILLION IN DIRECT SUBSIDIES AND CONSUMER TRANSFERS. THIS MASSIVE SUBSIDY TO EUROPEAN FARMERS HAS INDUCED THEM TO PRODUCE MUCH MORE THAN EUROPE ITSELF CAN CONSUME. THE HUGE SURPLUSES ARE BEING DUMPED ONTO WORLD MARKETS, WITH THE AID OF LARGE EXPORT SUBSIDIES.

NOT ONLY IS THIS DEVASTATING FARMING COMMUNITIES IN OUR COUNTRIES, IT IS HURTING THE EUROPEANS THEMSELVES. BECAUSE OF THE DISTORTION OF THEIR DOMESTIC ECONOMIES, AND IN PARTICULAR, BECAUSE EUROPEAN CONSUMERS HAVE TO PAY ARTIFICIALLY HIGH PRICES FOR THEIR FOOD, UNEMPLOYMENT LEVELS ARE MUCH HIGHER AND ECONOMIC GROWTH RATES ARE LOWER THAN THEY OTHERWISE WOULD BE. IT IS ESTIMATED THAT THE COMMON AGRICULTURAL POLICY HAS PUSHED UP TO ONE MILLION PEOPLE ONTO THE UNEMPLOYMENT QUEUES IN EUROPE.

NOW THE AMERICANS ARE RETALIATING AGAINST THE EUROPEANS ON A MASSIVE SCALE.

AMERICAN TAXPAYERS ARE BEING CALLED ON TO SUBSIDISE THEIR FARMERS TO THE TUNE OF \$US35 BILLION A YEAR. THIS DOES NOT INCLUDE THE TRANSFERS TO FARMERS FROM AMERICAN CONSUMERS WHICH RESULTS FROM THEIR HAVING TO PAY INFLATED PRICES FOR AGRICULTURAL PRODUCTS. AND LIKE THE EUROPEANS, THE AMERICANS ARE HEAVILY SUBSIDISING AGRICULTURAL EXPORTS IN ORDER TO RUN DOWN THEIR DOMESTIC AGRICULTURAL SURPLUSES.

EFFICIENT AGRICULTURAL EXPORTING COUNTRIES ARE THE INNOCENT VICTIMS OF THIS TRANS-ATLANTIC TRADE WAR. WE ARE ALSO BEING DAMAGED BY THE SUBSIDISING AND RESTRICTIVE MARKET ACCESS POLICIES OF OTHER MAJOR WESTERN INDUSTRIALISED COUNTRIES.

ANOTHER RECENT CASUALTY OF THAT WAR HAS BEEN US INTEGRITY. IN THE PAST THE US HAS LED THE CAMPAIGN TO RESTRICT BENEFITS TO THE SOVIET UNION, SO AS TO DISCOURAGE THE DIVERSION OF RESOURCES FROM PEACEFUL INTO NON-PEACEFUL USES. THE RECENT DECISION TO EXTEND WHEAT SUBSIDIES TO THE SOVIET UNION FLIES IN THE FACE OF THIS POLICY STANCE.

THE US-LED CAMPAIGN AGAINST SUBSIDISING THE SOVIET UNION HAS BEEN FOUNDED ON PRINCIPLES OF PROTECTING WESTERN IDEALS OF LIBERTY - LIBERTY IN MARKETS AS IN THE FUNDAMENTAL REALM OF POLITICS. THE UNITED STATES HAS COMPROMISED THOSE PRINCIPLES FOR SHORT-TERM POLITICAL GAIN. SUCH ARE THE TERMS ON WHICH THIS RIDICULOUS AGRICULTURAL TRADE WAR IS BEING CONDUCTED.

AMONG THE FOURTEEN NATIONS REPRESENTED HERE AGRICULTURE CONSTITUTES, ON AVERAGE, 14 PER CENT OF OUR GDP AND 50 PER CENT OF OUR EXPORTS. COLLECTIVELY WE ACCOUNT FOR NEARLY ONE-QUARTER OF WORLD AGRICULTURAL EXPORTS, AND FOR THE OVERWHELMING MAJORITY OF NON-US AND NON-EC FOOD EXPORTS.

IT FOLLOWS THAT WE ARE ESPECIALLY VULNERABLE TO THE CORRUPTION OF WORLD AGRICULTURAL MARKETS BY AGRICULTURAL SUBSIDIES AND RISING AGRICULTURAL PROTECTIONISM.

AND SUFFER WE HAVE.

STUDIES FOR THE WORLD BANK INDICATE THAT WORLD-WIDE LOSSES FROM DISTORTIONS IN GRAINS, LIVESTOCK AND SUGAR MARKETS HAVE AMOUNTED TO ABOUT \$US36 BILLION A YEAR (IN 1980 PRICES).

THE DIRECT COST TO FARMERS IN DEVELOPING COUNTRIES HAS BEEN ABOUT \$US28 BILLION A YEAR. THIS HAS DIRECTLY INTENSIFIED THE RURAL POVERTY AND HUMAN MISERY IN POOR COUNTRIES. BUT IT HAS DONE MORE THAN THIS. IT HAS SERIOUSLY UNDERMINED THE CAPACITY OF THOSE COUNTRIES TO SERVICE THEIR EXTERNAL DEBT, AND THEREFORE HAS ENSURED CONTINUING POVERTY, CONTINUING MISERY, WELL INTO THE FUTURE.

POOR RICE FARMERS IN THAILAND ARE BEING DEVASTATED BY THE US DUMPING OF SURPLUS RICE. ARGENTINE GRAIN FARMERS HAVE FACED PRICE CUTS OF 20 PER CENT. AS MANY AS ONE IN FIVE WESTERN CANADIAN WHEAT FARMERS MAY BE FORCED OUT OF BUSINESS. AND IN AUSTRALIA'S CASE, THE COMMON AGRICULTURAL POLICY HAS BEEN COSTING US \$A1 BILLION A YEAR IN RECENT YEARS. THE UNITED STATES EXPORT ENHANCEMENT PROGRAM WILL COST AUSTRALIAN WHEAT FARMERS ALONE WELL OVER \$A600 MILLION IN THE COMING YEAR.

REFORM OF WORLD AGRICULTURAL TRADE IS A LONG HAUL. IT IS A PROCESS WHICH REQUIRES A DEDICATED AND CONCERTED EFFORT BY ALL COUNTRIES COMMITTED TO THE LIBERALISATION OF AGRICULTURAL TRADE. AND IT IS A PROCESS REQUIRING A SERIES OF DELIBERATE, CAREFULLY CONSIDERED STEPS.

THIS CAIRNS MEETING IS A FURTHER, AND IMPORTANT, STEP IN THAT PROCESS. IT FOLLOWS A SERIES OF EARLIER INITIATIVES TAKEN BY COUNTRIES WITHIN THIS GROUP.

AT AUSTRALIA'S INSTIGATION AN APPROACH TO TRADE AMONG COUNTRIES OF THE WESTERN PACIFIC REGION, BASED UPON THEIR COMMON REGIONAL INTERESTS AND ASPIRATIONS, HAS BEEN ESTABLISHED. THIS GROUP OF COUNTRIES HAS BEEN MEETING REGULARLY OVER THE PAST THREE YEARS IN PREPARATION FOR THE NEW ROUND. THE GROUP MET AGAIN JUST A FEW WEEKS AGO IN MANILA. I CAN REPORT AN IMPORTANT STRENGTHENING OF THE SENSE OF COMMON PURPOSE AMONG THOSE COUNTRIES.

A COUPLE OF MONTHS AGO THE MAJOR WHEAT EXPORTERS MET IN VANCOUVER.

URUGUAY HAS HOSTED A MEETING OF SOUTHERN HEMISPHERE EXPORTERS OF TEMPERATE AGRICULTURE PRODUCE.

AND IN JULY, THAILAND HOSTED AN IMPORTANT MEETING OF OFFICIALS TO CONSIDER REMEDIES TO THE PROBLEMS OF WORLD AGRICULTURAL TRADE AND TO LAY THE FOUNDATIONS FOR THIS WEEK'S MEETING.

THERE IS SIGNIFICANCE AND COHERENCE IN THIS PATTERN OF CONSULTATION. IT EXPRESSES THE COMMON APPRECIATION AMONG MANY DIFFERENT COUNTRIES AND GROUPS OF COUNTRIES OF THE DEPTH OF THE CRISIS IN AGRICULTURAL TRADE. AND IT EXPRESSES THEIR DETERMINATION TO SEE THE PROBLEM ADDRESSED BY THOSE NATIONS AND BLOCS CORRUPTING WORLD AGRICULTURAL TRADE.

THE MEETING OF FAIR TRADERS COMES AT THE CRUCIAL STAGE BETWEEN THE COMPLETION OF THE PREPARATORY WORK IN GENEVA LAST MONTH AND THE GATT MINISTERIAL MEETING NEXT MONTH.

I AM DELIGHTED AND HEARTENED BY THE ATTENDANCE HERE AT CAIRNS. YOU HAVE COME HERE AS FRIENDS AND I HOPE THAT OUR FRIENDSHIP WILL BE BROADENED AND STRENGTHENED OVER THE NEXT COUPLE OF DAYS.

IN PLANNING OUR NEXT STEPS WE NEED TO CONSIDER WHAT WE MIGHT EXPECT TO GET OUT OF THE MEETING AT CAIRNS AND IN PARTICULAR, OUR SPECIFIC OBJECTIVES FOR PUNTA DEL ESTE AND BEYOND. THERE IS NO DOUBT THAT THE EFFECTIVENESS OF THE COUNTRIES REPRESENTED HERE WILL BE MAXIMISED IF WE BEHAVE AS A STRONG COALITION OF LIKE-MINDED AGRICULTURAL EXPORTING COUNTRIES.

WE KNOW THAT AGRICULTURE HAS ALWAYS BEEN TREATED AS A "SPECIAL CASE" IN THE GATT, WITH THE RESULT THAT THE GATT RULES ON AGRICULTURAL TRADE PROTECTIONISM ARE FAR LESS EFFECTIVE THAN THOSE FOR MANUFACTURES.

I BELIEVE THAT OUR GROUP MUST WORK WITH DETERMINATION AND TOTAL COMMITMENT TOWARDS SECURING MORE EFFECTIVE GATT RULES FOR AGRICULTURE. TO THIS END, WE SHOULD SEEK AT THE PUNTA DEL ESTE MEETING A LAUNCH OF A NEW MTN ROUND GIVING HIGH PRIORITY TO AGRICULTURE. WE SHOULD SET OUR SIGHTS HIGH FOR THE PROMINENCE TO BE GIVEN TO AGRICULTURE IN THE TEXT OF THE MINISTERIAL DECLARATION COMING OUT OF THE MEETING.

THE DISCUSSIONS I HAVE HAD ON THIS ISSUE WITH WORLD LEADERS, INCLUDING PRESIDENT REAGAN, MR NAKASONE, MR MULRONEY AND PRESIDENT ALFONSIN GIVE ME GROUNDS FOR BELIEVING THAT WE HAVE SOME PROSPECT OF ACHIEVING OUR OBJECTIVES FOR AGRICULTURE IN THE MTN ROUND. BUT IN ORDER TO ENHANCE THAT PROSPECT, TO MAKE IT A REALITY, IT IS IMPORTANT THAT THE GROUP OF FAIR TRADERS GATHERED HERE ADOPT A STRONG, UNIFIED APPROACH IN THE LEAD-UP TO AND BEYOND THE GATT MINISTERIAL MEETING.

THE DRAFT DECLARATION NEGOTIATED BY THE MAJOR PARTIES IN GENEVA (THE SO-CALLED SWISS-COLOMBIAN TEXT) GOES SOME WAY IN ADDRESSING THE PROBLEM OF AGRICULTURE, BUT FALLS SHORT OF OUR HIGHER ASPIRATIONS. MOREOVER, WE CANNOT RULE OUT THE POSSIBILITY AT PUNTA DEL ESTE OF PRESSURE BY SOME COUNTRIES TO DILUTE THE TEXT DEALING WITH AGRICULTURE.

THE DURATION OF THE PUNTA DEL ESTE MEETING IS QUITE SHORT. IT IS THEREFORE MOST IMPORTANT THAT IN THE FEW REMAINING WEEKS BEFORE THAT MEETING, THIS GROUP OF FAIR TRADERS SEEK TO ENLIST THE SUPPORT OF OTHER COUNTRIES IN GIVING HIGH PRIORITY TO AGRICULTURE IN THE DECLARATION AND IN SUBSEQUENT NEGOTIATIONS.

WHILE WE MUST WORK TOGETHER FOR THE LASTING REFORM OF WORLD AGRICULTURAL TRADE, WE MUST ALSO REALISE THAT A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS WOULD TAKE SEVERAL YEARS TO CONCLUDE. IT IS THEREFORE IN OUR INTERESTS ALSO TO WORK TOWARDS SHORTER-TERM REMEDIES, WHILE DISCUSSIONS ARE TAKING PLACE IN THE GATT.

THERE IS SCOPE FOR OUR COUNTRIES TO MAKE FORCEFUL JOINT REPRESENTATIONS TO THE EC AND THE US IN PARTICULAR, WITH A VIEW TO MINIMISING THE IMPACT OF THEIR EXISTING AGRICULTURAL POLICIES ON NON-SUBSIDISING EXPORTERS, AND WITH THE AIM OF ACHIEVING LEGISLATIVE CHANGES TO THOSE POLICIES.

THE SIMULTANEOUS REPRESENTATIONS BY SOME OF US TO THE US DURING THEIR RECENT DELIBERATIONS ON THE EXTENSION OF THE EEP IS A GOOD EXAMPLE OF THIS. OUR EFFORTS WERE INFLUENTIAL IN THE FINAL DECISION TO RESTRICT THE EXTENSION OF THE EEP. THIS MEETING PROVIDES AN OPPORTUNITY FOR ALL OUR COUNTRIES TO PREPARE BETTER FOR FUTURE SIMILAR CONTINGENCIES IN BOTH THE US AND THE EC.

THERE IS NO DOUBT THAT INTERNATIONAL AGRICULTURE IS IN CRISIS. BUT THE MOST DISPIRITING, THE MOST DESPAIRING, FEATURE OF THIS CRISIS IS THAT IS HAS NOT BEEN CAUSED BY ANY LACK OF EFFICIENCY, DEDICATION OR SHEER HARD WORK BY THE MEN AND WOMEN ON THE LAND IN OUR COUNTRIES. THE TRAGEDY OF THIS CRISIS HAS BEEN MADE ALL THE MORE POIGNANT BY THE ENORMOUS COURAGE AND COMMITMENT OF OUR FARMERS IN EVER BOOSTING THEIR EFFICIENCY IN THE FACE OF FALLING WORLD AGRICULTURAL PRICES PRECIPITATED BY THE SUBSIDISERS.

OUR TRUE HOPE AND ULTIMATELY, OUR MAIN CHANCE OF LIBERATING GLOBAL AGRICULTURAL TRADE FROM THE CORRUPTION OF THE SUBSIDISERS, IS TO BRING HOME TO THEM THE FACT THAT OUR INTERESTS IN AGRICULTURAL TRADE REFORM COINCIDE TOTALLY WITH THEIR OWN NATIONAL INTEREST. THE PRICE WE, AS EFFICIENT TRADERS, PAY FOR THIS CORRUPTION IS AT ONCE STARK AND MASSIVE IN ITS HUMAN DIMENSIONS. THE PRICE THE SUBSIDISERS PAY IS NO LESS MASSIVE, NO LESS HUMAN, BUT IT IS FAR LESS OBVIOUS. THE PRICE FOR THOSE COUNTRIES IS EXACTED NOT SO MUCH IN RURAL POVERTY BUT IN THE UNNECESSARILY REDUCED LIVING STANDARDS OF CITY DWELLERS AND IN THE JOBLESSNESS OF MORE THAN A MILLION PEOPLE.

THE GROUP ASSEMBLED HERE HAS A MOST FORMIDABLE AND RESPONSIBLE TASK AHEAD OF IT. BUT I AM CONFIDENT THAT IN TIME, BY WORKING TOGETHER, WE WILL BE ABLE TO ACHIEVE OUR COMMON GOAL.

FINALLY, I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK MY TRADE MINISTER, JOHN DAWKINS, FOR TAKING THE INITIATIVE TO CONVENE THIS MEETING. ITS TIMING IS IMPECCABLE. JOHN DAWKINS AND JOHN KERIN HAVE BEEN UNTIRING IN THEIR PURSUIT OF AGRICULTURAL TRADE REFORM. YOU WILL BE HEARING FROM THEM TOMORROW MORNING AS THEY PRESENT IN MORE DETAIL AUSTRALIA'S THOUGHTS ON TACTICS AND OBJECTIVES FOR THE SEPTEMBER MEETING AND FOR THE NEW ROUND.

I WISH YOU ALL WELL FOR YOUR DELIBERATIONS OVER THE NEXT TWO DAYS AND I HOPE YOU CAN FIND TIME OUT TO ENJOY AUSTRALIAN THE HOSPITALITY AND SUNSHINE HERE AT CAIRNS.

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