



PRIME MINISTER

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JOURNALIST: Mr Hawke, if the Uruguay Round indeed starts to fail, do you suggest that Lee Kuan Yew or a suggestion the world will fracture ... trading blocs ... likely outcome ...

PM: Lee Kuan Yew is not the first one by any means to point it out ... In my lecture in Singapore myself some years ago I made precisely this point. That's why we've got to understand these ... real dimensions that the problem is confronting the world. It's not just an economic challenge. If the Round fails then you will have a collapse into economic autarchy, increasing protectionism and that is an economic disaster. What we've got to understand is that it's more of an economic disaster, it will be a political disaster because if history shows you anything it shows you this; that when countries do degenerate into trading blocs you have in there the seeds of political conflict. That's why I rang President Bush and said look we really do have a responsibility to inject political impetus into these discussions so that we get a positive outcome. I'm very pleased to say that the President totally agreed with me. We're going to keep in contact. He's taking bilateral initiatives, I'm taking further initiatives and I'll be in touch with Chancellor Kohl, Prime Minister Rocard, uniting all the European leaders, and I'm going to do everything I possibly can to avoid what I think will be a disaster. Because if the system breaks down then you will have Europe, you've got the United States and Canada and they are conducting discussions and negotiations with Mexico. Inevitably, I guess, what we would find is that - and this is the worst case scenario situation - against all my philosophies I think if that's what happens we'd have to be looking at our region to see what sort of grouping we could become associated with. But this is a recipe for disaster.

JOURNALIST: But would the ... all .. in that position have to be considered. Some reduction in the tariff ... would be hit by ...

PM: Your farmers can't have it both ways.

JOURNALIST: inaudible

PM: Well if we have a position where the rural community is saying if we want tariffs against citrus and so on coming in here, how do you set their argument that they want an abolition of tariffs in regard to machinery that's coming in. It's pretty hard to sit side by side and ride those two horses in the same room at the same time.

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