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PRIME MINISTER

97/92

**STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING, MP
UNITED STATES EXPORT ENHANCEMENT PROGRAM**

Set out below are the texts of an exchange of correspondence between President Bush and me on the recently announced expansion of the US Export Enhancement Program.

Letter from President Bush dated 4 September 1992

"I know that you are concerned about the new multi-country Export Enhancement Program (EEP) initiative that I just announced. This initiative, however, does not represent a fundamental change in the program. We are continuing to take into account Australia's interests as a nonsubsidizing exporter. The initiative was constructed as carefully as possible to allow room for Australian sales.

"In announcing the multi-country package, I made a point of emphasizing that it was aimed at countries which subsidize wheat exports and not at those, such as Australia, which do not. I believe that the EC must be challenged directly on this unfair trading practice. Our farmers are hurting, as I suspect yours are too. I agree with you that a successful conclusion of the Uruguay Round is of critical importance for advancing global trade liberalization. I remain firmly committed to reaching agreement on outstanding issues before the end of the year. My G-7 colleagues agreed on this in Munich, and I am working hard to ensure we deliver on this commitment.

"I value highly Australia's close cooperation on the GATT negotiations. I hope that we can continue to work together, notwithstanding any differences we may have on the EEP issue."

My response to President Bush dated 8 September 1992

"Thank you for your personal message offering your perspective on your recent announcement on the Export Enhancement Program.

"I appreciate your assurance that you remain firmly committed to reaching agreement on outstanding issues in the Uruguay Round negotiations before the end of the year. In this you can count on Australia's continuing close cooperation.

"I was also glad to have your confirmation that you were continuing to take Australia's interests into account in constructing this latest EEP initiative.

"Nonetheless, I have to say that the issue of export subsidies remains a major difference between Australia and the United States. It will continue to have a corrosive impact on public support in Australia for the relationship between our two countries. This is something which should be of concern to us both.

"After due consideration the Australian Government has decided that the comprehensive nature of the Administration's announcement last week leaves us with no alternative but to take up the whole issue of agricultural export subsidies under the appropriate procedures of the GATT Council.

"Given the prime responsibility the European Community bears for escalating the use of subsidies, my Government will subject their programs to the same GATT complaint procedures.

"Let me assure you of my direct and personal support for your wish that our two countries continue to work closely together to finalise the Uruguay Round, which can alone provide a long-term and sustainable solution to the problem of agricultural subsidies. The stakes involved for all of us in avoiding a trade war are very high. As I explained to you here in Australia last January, I believe the United States has a vital leadership role to play in completing this important task."

CANBERRA

8 September 1992