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**TRANSCRIPT OF THE PRIME MINISTER  
THE HON. JOHN HOWARD MP  
RADIO INTERVIEW, ALAN JONES PROGRAMME,  
RADIO 2UE**

E&OE.....

**JONES:**

The Prime Minister is here so we will go straight into having a yarn with him, particularly about this tariff question. Prime Minister, good morning.

**PRIME MINISTER:**

Good morning Alan.

**JONES:**

Thank you for coming in this morning. Well you did it with motor vehicles. Now with textiles, clothing and footwear. You will have your critics. What's the rationale?

**PRIME MINISTER:**

The rationale is that tariffs have already been cut very heavily in both industries. We are now a low tariff country. We are up there with the best in world trade liberalisation. What we are doing is giving the textile, clothing and footwear industry a breathing space to consolidate. Tariffs will come down again. It's legislated so, or it will be, in 2005 and what this will give is an opportunity for the industry to reinvest, for the more successful, high fashion, export-oriented end of the industry, a breathing space.

Jobs will not be lost at the rate they would have been lost if this policy had not been decided and I think in some areas you could see job generation. You will certainly see fresh investment. It is a balanced, commonsense, pragmatic decision which aims to promote job security and garner additional investment but by the same token, it is consistent with our freer trade credentials.

We are up there with the best. We have cut tariffs and we have reduced protection in ways that put other countries to shame.

**JONES:**

What then are Peter Costello and John Anderson and Tim Fischer on about because every other day you hear them preaching out there that these tariffs must go further down and repeating the rhetoric that Paul Keating used which led him to be absolutely smashed 18 months ago at an election?

**PRIME MINISTER:**

I am not going to talk about the...

**JONES:**

But they are in your party.

**PRIME MINISTER:**

... the different views... and I am very glad to have them in my ranks, those three. I couldn't have a more loyal and effective Deputy Prime Minister than Tim Fischer. Peter Costello is a very, very good Treasurer.

**JONES:**

They are saying different things from you on this.

**PRIME MINISTER:**

Look, I don't pay too much regard to attempts in some sections of the press to beat up differences. In a Cabinet you have a robust discussion, you reach a view and then everybody goes out to put that point of view and that is the case with this, as it is with all other decisions my Cabinet takes and we have a very free-flowing system of discussion and debate.

**JONES:**

Could I just nitpick a little bit here then. On July 1 you dropped the tariff protection on raw sugar and certain by-products in the face of other countries like Thailand, our biggest competitor, has a tariff of 104 per cent. The United States has a tariff of 170 percent. Now suddenly that meant \$30 million in any year is being slashed from the income of cane farmers. They can't wear that.

**PRIME MINISTER:**

There's a vast difference. The difference is that with sugar, the domestic price is below the world price. Can I say that again, the domestic price is below the world price.

**JONES:**

I've got an answer to that but go on.

**PRIME MINISTER:**

Well I will hear it. The purpose of a tariff, Alan, the purpose of a tariff is to protect a higher priced, locally produced product against a lower priced import.

**JONES:**

What is sugar being used for?

**PRIME MINISTER:**

It's been used for a variety of things. And a lot of it is being exported.

**JONES:**

It's being used for chocolate, soft drink and cordial. Now they are foreign owned...

**PRIME MINISTER:**

Yes but do you know where the future of the sugar industry lies? In exports and do you know that the industry agreed with our decision. Do you know that the Queensland Government agreed with our decision, in fact, they urged us to make the decision in return for a single desk selling system.

**JONES:**

Let me put another point to you. The only beneficiary of that seemed to me to be the 100 per cent foreign owned companies who manufacture in this country chocolate and soft drinks and cordials which since then have risen way above the CPI in price yet they are getting, you just admitted it, cheaper sugar than is available anywhere else in the world and yet they are increasing the prices of cordial, chocolate and soft drinks. We are, by Government decision, making foreign countries richer.

**PRIME MINISTER:**

Alan, there's nothing per se, nothing of itself wrong with companies, whether they are Australian or foreign being profitable because when companies are profitable, they employ people. So let us not lapse into sort of a populist criticism of companies making profits, please.

**JONES:**

They don't pay their taxes.

**PRIME MINISTER:**

That is another issue and that's a good argument for tax reform, isn't it.

**JONES:**

It is indeed.

**PRIME MINISTER:**

A very powerful argument...

**JONES:**

To make foreigners pay more.

**PRIME MINISTER:**

And one of the things that we will be looking at in tax reform is to make sure that ....

**JONES:**

Foreign companies pay their share.

**PRIME MINISTER:**

...corporates, whether they are domestic or foreign contribute their fair share and until you get a better tax system you will always have those sorts of complaints but the Australian sugar industry also benefits from being able to sell its sugar in increasing volumes overseas and the great bulk of the Australian sugar industry's future lies in exports.

**JONES:**

Now the people you are talking to now, the critics, will argue tariffs and indeed the John Anderson's and Tim Fischer's and Peter Costello's of this world, if I can come back to them, keep telling the public out there that this tariff makes you, the consumer pay more. Do you agree that the people listening to you are happy to pay 20 or 30 cents everyday, or every year more, for a pair of underpants or a pair of shoes, if it is \$2 for a pair shoes, if it keeps 50,000 Australians in jobs.

**PRIME MINISTER:**

Let me answer this way by saying I think the Australian public support the decision we have taken.

**JONES:**

They sure do.

**PRIME MINISTER:**

In textiles, clothing and footwear because they do understand the tariffs in this country have already fallen an enormous amount. We used to have effective protection rates of 250 per cent in the textile industry. In 1990 the nominal tariff on clothing and apparel was 55 per cent. By the year 2000 it will be 25 per cent and it will go down to 17.5 per cent in the year 2005.

**JONES:**

Tell my listeners what this level playing field is. They don't understand that we seem to be the only outfit playing according to these misty eyed rules fashioned by people who were in Government before you. They don't seem to understand why we have to be adherents to these sorts of principles when other countries aren't.

**PRIME MINISTER:**

Well, I don't argue that we should but I also, to be honest, don't argue that all of the arguments in favour of trade liberalisation are misty eyed. We are now getting market access in Asian countries with things like milk

and other fresh products. We are getting beef access into different parts of the world we weren't getting five or ten years ago. So there are two sides to it and we have to be careful that we take practical balanced decisions and that is why the TCF and motor car decisions were the right ones.

We'll cut tariffs a long way, we'll have a pause and then they will come down again and we will realise our APEC goals. They should balance.

**JONES:**

Prime Minister, the tariff in the citrus industry has been reduced from 30 per cent in 1987 to 5 per cent, but no one negotiates for equivalent cuts in other countries. Now for example, if we try to get our citrus into the Thailand the tariff is over 50 per cent, into Korea 50 per cent, 80 per cent in some of the Asian countries, Japan up to 40 per cent. What future has a citrus industry got where people are just pulling trees out of the ground?

**PRIME MINISTER:**

Well its not right to say that nobody tries to negotiate access for these products. Tim Fischer spends a large part of his working life overseas doing just that and doing a very good job and I mentioned earlier the fact that we were able to get fresh milk into some of the Asian countries, we are able to get beef access. We are now actually getting some access for fresh fruit into parts of the Asia Pacific region.

I acknowledge that there are still, in many of those countries, high tariff barriers and we constantly argue against them and part of the APEC process is for everybody to put their proposals on the table and in the course of that to achieve further reduction.

Now, if you're saying to me that we have got to be hard headed and we've got to pursue the Australian national interest..

**JONES:**

I am saying that..

**PRIME MINISTER:**

Then I agree with you and that is exactly the message that I am preaching and may I say it is a message Tim Fischer is preaching as well. Nobody is more hard headed in pursuit of Australia than Tim Fischer.

**JONES:**

You understand what is happening don't you? I have a box of tissues here (I am just showing the Prime Minister), the stuff, Brazilian concentrate orange, in concentrate, comes in packets a tenth of the size of that tissue packet. They get it here for next to nothing, pour water in it and it sells as orange juice.

Now the Brazilian tariff, if we sell beautiful quality Valencia, 40 per cent. Brazilian wages, \$1 and hour, Brazilian wages. Now, how the hell can the citrus farmer at Griffith compete with that stuff coming in the tonne load?

**PRIME MINISTER:**

Allan, we're not, we don't disagree and it is that pragmatic thinking that was behind the decision that I announced yesterday with the textile industry. We are not going to pursue a cut in tariffs at any cost approach. We are going to pursue an approach where reducing protection helps Australia. Where it doesn't we're not going to do it. Now that's my philosophy. It's as simple as that.

**JONES:**

But the Brazilian concentrate is knocking the citrus farmer...

**PRIME MINISTER:**

...Look, I understand that and the answer to that is to get more access for Australian exports of quality and that is what people like Tim Fischer spend all their life doing. And I know it is not heralded but the good news stories that are now coming out of our export success, even in difficult areas like primary products. I mean who would have, sorry to use the example, but who would of thought a few years ago that we would be able to get fresh milk into Asian countries. Nobody.

**JONES:**

That's right, but it doesn't help the citrus farmer...

**PRIME MINISTER:**

...No, I acknowledge that.

**JONES:**

If we drank Australian citrus juice, we would be able to employ more people in the citrus industry. We would be planting Valencia oranges from daybreak to dusk.

**PRIME MINISTER:**

But you have to realise that countries other than Australia can retaliate if we are unreasonable in our own dealings. I mean if we put unreasonable barriers up then exports we might otherwise have will be lost.

**JONES:**

But (Inaudible), we're 5 per cent tariffs, Brazil is 40 per cent.

**PRIME MINISTER:**

Allan, I am aware of that.

**JONES:**

So what are you saying to the farmer in Griffith who is dead interested in what you are saying?

**PRIME MINISTER:**

What I am saying is that we will continue to fight for market access in the Asia Pacific region. With their industry the answer is to try and get more of our product into other countries, not completely close down imports.

**JONES:**

Just about product labelling which is related to all these things. I mean, have you looked or have you got someone looking at the laws, in relation to made in Australia?

**PRIME MINISTER:**

Yes, we in fact will be having something coming back to Cabinet on that in the next couple of weeks.

**JONES:**

See, there are a lot of made in Australia products you know that a lot of foreign stuff...

**PRIME MINISTER:**

...I know that. There's been a debate as to how you classify or indeed follow your court decision. Reclassify that definition...

**JONES:**

But Brazilian concentrate plus Australian water, doesn't mean made in Australia?

**PRIME MINISTER:**

Well look I'd have to examine...

**JONES:**

...But it shouldn't!

**PRIME MINISTER:**

Well one would think on first principles it shouldn't. No. One would think that Allan.

**JONES:**

I would of thought that a Canterbury High boy would actually understand that it wasn't Australian.

**PRIME MINISTER:**

I would reckon you wouldn't.

**JONES:**

Do you, in terms of, just coming back to the tariffs, just before I get off that, do you think Australians, do you get the feeling they are tired of being told about level playing fields when they are the only ones playing according to these rules?

**PRIME MINISTER:**

A lot of them are, yes they are. But, I think the debate has now become more balanced. One of the problems with these sort of debates is that people get painted as either black or white. I am neither. I will reduce protection and open up trade opportunities where it is in Australia's interest. Where it is not in Australia's interest, I won't do so.

**JONES:**

In Australia's interest central coast are listening to you now. You know they have got chicken farmers up there?

**PRIME MINISTER:**

Yes I do.

**JONES:**

You know all about the processed chicken meat?

**PRIME MINISTER:**

I know all about that and I know that we have had that scientifically tested...

**JONES:**

...And it will most probably be cleared?

**PRIME MINISTER:**

Well I don't know yet.

**JONES:**

Well they'll send the best stuff over...

**PRIME MINISTER:**

...Well I don't know. It is being, there are some final tests now being done in Britain and the results of those tests, along with the whole issue, we'll come back to.

**JONES:**

Is that positive?

**PRIME MINISTER:**

Well I don't know what they are and I am not going to hypothesise.

**JONES:**

If they were, would you be letting Thai chicken meat in here?

**PRIME MINISTER:**

Allan, we will wait until we get the results and Cabinets considered it. I am not going to pre-empt the outcome of the Cabinet decision but can I just point out...

**JONES:**

Is your imagination fertile enough though to know...

**PRIME MINISTER:**

...I'll tell you what, my imagination is fertile enough...

**JONES:**

...What goes on Thailand visa-vis here and you go down to Martin Place and buy yourself a chicken sandwich and it has got Thai chicken meat, you'd be thinking twice.

**PRIME MINISTER:**

Can I just remind your listeners that a couple months ago, on proper scientific grounds, we banned the importation of Canadian salmon. Now that was a great boom to the Tasmanian salmon industry and despite the scientific basis of that, the Canadians retaliated by knocking off a huge beef export order from this country to Canada, that would in dollars of return more to the beef industry than may have been lost because of the salmon imports.

Now I mention that to demonstrate two points; that it is a rough world, the world of international trade but also to illustrate the point that taking projectionist decisions in the interest of Australian industry is often not a costless exercise. And that if you take a decision, however justified to keep something out, you can suffer retaliation that hurts you even more.

So I ask people when they are thinking about these trade issues to bear in mind that there are two sides to the argument. Keeping the foreign product out is one side of it. Getting our product into foreign countries is the other side of it and if we cut off our nose to spite our face we can often be further behind.

Now these are the balancing acts that a Government has got to take into account. We lost a huge beef quota in Canada, millions of dollars lost to the Australian beef industry because the Canadians, unfairly, unreasonably and unjustifiably retaliated.

Now we are complaining about, going through the international...

**JONES:**

...God, I'd wish we'd do a bit of retaliation.

**PRIME MINISTER:**

Well, people will argue that the decision we took yesterday was a signal to the world that we have cut our tariffs a long way and we want the rest of the world to catch up with us.

**JONES:**

Do they take any notice?

**PRIME MINISTER:**

We'll wait and see, we only took it yesterday. I'm quick but not that quick.

**JONES:**

Just before we go Prime Minister. Small business, they ring here every day saying God the bloke I send home at the end of work, the worker, gets more than I get and we're still here with unfair dismissal laws months after you are elected to Government. What do you say to the employer out there who has just got this enormous albatross around his neck still.

**PRIME MINISTER:**

Well are they employing new people under State or Federal laws.

**JONES:**

Well I am just saying the award, you see.

**PRIME MINISTER:**

Under State, Bob Carr is the Premier of NSW.

**JONES:**

I understand that, what I am saying...

**PRIME MINISTER:**

...I wish otherwise and I wish I could change it.

**JONES:**

Yes, that's why I am asking you. They thought when you said we'll turn this back...

**PRIME MINISTER:**

...Well, I can only do what the law, the Constitution allows me to do.

**JONES:**

That's what I am asking you to explain to them they're stuck with it because you can't change it.

**PRIME MINISTER:**

Those people who under State awards. We can't change the conditions under the State award and you have something like 50 to 55 per cent of people employed under State awards and the rest employed under Federal. We have dramatically changed it under the Federal award and we are going to go even further if we can get our legislation through the Senate to abolish them completely. Unfair dismissal laws will still be laws against unlawful dismissal on the grounds of discrimination and things like that and we're not going to take those away.

But we're going to get rid of them completely for small business if we can get our Bill through the Senate. If we can't we'll put it back again and it could well be one of the pieces of legislation that's a hot topic for debate in the next election.

But, can I say to your people if you under State awards. I am sorry the Constitution prevents me. Change the State Government!

(Ends)