PRESS STATEMENT

August 27th, 1961

SOME MORE ON THE COMMON MARKET

The day after the Budget was introduced, the Prime Minister reported to the Parliament on the Common Market and on the United Kingdom negotiations for entry. Both the Prime Minister and Mr. McEwen, speaking in the debate, showed that they were very well aware of the great political implications involved in the grand design of the Common Market but they were both principally concerned that the Common Market countries and the United Kingdom should be fully informed of the implications for Australia's export trade.

The Prime Minister has said that protection of Australia's overseas trading interests in regarded as the prime duty of the Australian Government. For this purpose, a special Cabinet Sub-Committee has been appointed which will be in constant negotiations with the United Kingdom and the Common Market countries, and all aspects of Australia's trade with Europe are being examined. At the present stage it is difficult to do much more than keep a close watch on the position and impress upon European countries the importance of allowing access for Australian goods. The reason for this is that the Common Market Agricultural Policy has not yet been defined. I have said before that the general purpose of the common Agricultural Policy will be to preserve a high standard of farming in European countries, and at the same time, to maintain a larger degree of agricultural self-sufficiency, but no specific details have been adopted.

At the moment, there are proposals before the Common Market countries regarding different commodities but the levels of duty which would affect our exports to Europe have not yet been fixed and there is some argument inside the Common Market itself as to how high these duties should be. For example, France is an efficient farmer and her protection is much lower than in Germany where farming is inefficient. The French would not want the common duties against outsiders to be as high as the German protective wall because France feels that this would stimulate too much uneconomic production inside the Common Market. If France wins this argument, the duties against outsiders such as Australia could be relatively low. If Germany wins, the duties could be very high. We must hope that when the United Kingdom comes into negotiations and when we negotiate on our own account for our own commodities we will be able to tip the scales in favour of keeping a reasonable access for outside markets.

Australians should realize that the important question for us is access to markets in Europe including the United Kingdom. The preferences about which so much has been spoken are, quite frankly, not all that important for all commodities. There is no preference on wool. There is no preference on wheat although there is a contractual obligation to take up 750,000 tons a year from Australia. Incidentally, this is an obligation that has not
However, French wheat can already get into England on the same terms as Australian wheat and with much smaller transport charges, as you would realize. There is no preference for mutton and lamb. The general preference for beef is about 3d. per lb. and this is not very great when compared with the retail price of beef in shops. Preference for butter is 15/- stg. per cwt. which again is not sufficient to tip the scales in favour of Australian butter as against Danish butter which can come in across the Channel and which commands, unfortunately for us, a premium price.

I say this to emphasise that in my view it is not the preference that is important but the right of access on reasonable terms to European markets and this is what our negotiators must press for.

Ever since 1956 when the Department of Trade was first established, the Government has been aware of the dangers that could occur to our trade from the growth of the Common Market and since that time the Government has therefore been active in trying to gain access to new markets which would not be affected by Common Market arrangements. This was one of the reasons behind the negotiations of the Japanese Trade Agreement which has been of inestimable benefit to Australia. Trade Commissioner services have been expanded many times in many different countries and, at the same time, the Export Payments Insurances Corporation was established so that exporters could ensure themselves against a failure to pay on behalf of one of their purchasers, e.g., if a sale of a certain commodity was made to an Asian country which, for some reason, failed to pay, the Company concerned in Australia would not have to stand the loss. This has encouraged manufacturers and exporters generally to enter markets which they might refrain from doing without this protection. At the same time, only in the last session of Parliament, special legislation was passed to give added tax incentives to people who were travelling abroad in search of new markets. One of two Trade Missions have already been organized as a direct result of this legislation. Because of the efforts that the Government has undertaken to disperse Australia's trade to Pacific countries now absorb 33% of all our exports where, a few years ago, they absorbed only 14%. To take a positive example, in beef, 3 years ago, the United Kingdom and Europe bought £29M. worth of beef while last year they bought only £9½M. a fall of £20M. Over the same period, the purchasers of beef by Pacific countries have risen from about £20M. to £28M.

It is impossible, at this stage, to say what difficulties Australian producers might have to face as a result of the Common Market. At the best, the difficulties could be very slight, dependent on the concessions our own and the United Kingdom negotiators can gain. At the worst, our trade could be gravely affected.
There is one other point which I made during the debate and it is this. If, because of Common Market arrangements, certain producers in this country have their livelihood jeopardised or suffer hardship, then the individual should not be made to bear the burden. The Community as a whole should bear the burden and spread the burden throughout the nation. For example, if the dairy industry or the dried fruits industry were drastically affected and lost a large part of their market in the United Kingdom it would mean considerable hardship for specific areas of Australia. This hardship should not be borne by individuals. It should be borne by the nation. This is a point which I hope all primary producer organizations will fight for. In doing so they would certainly have whatever support I could offer.