PRIME MINISTERS' CONFERENCE

COMMON MARKET IMPLICATIONS

Some days ago the Prime Minister, the Minister for Trade and the Treasurer went to England for the Prime Ministers' Conference. While at one time it had been hoped that the final draft terms for the proposed British entry into the E.E.C. might be known before this Conference began, it is now clear that the Prime Ministers will only be able to discuss a vague outline. The negotiations with the six Common Market countries are not completed and the final details are still not known. This may make it difficult for the Prime Ministers to come to any final decision as to how British entry to the E.E.C. might affect the trade of their own individual countries. It will be difficult for the Prime Ministers to discuss the impact of Britain's joining the E.E.C. in detail because each Prime Minister has different problems.

There was a time when the Prime Ministers' Conference involved five Prime Ministers; U.K., Canada, Australia, New Zealand and South Africa. Now, as we know, South Africa no longer takes part but the total number of Prime Ministers at this Conference will be sixteen and most of them will have trading problems quite different from Australia's. Therefore any general discussions the Prime Ministers will have will involve sixteen different countries, all with different spheres of interest. This will add to the difficulties of coming to a general conclusion.

The fact that there are sixteen different Prime Ministers at this Conference where just after the war there were only five, illustrates how the Commonwealth of Nations, which in 1945 was still called the British Empire, has changed. In one decade we tend to look upon it in terms of what it was in the previous decades. There are still many people who look upon the Commonwealth of Nations as the original five white Dominions. Such people forget that the white nations and the white races are both very much in the minority in the present Commonwealth of Nations.

It has been said that the Commonwealth of Nations will be changed if Britain joins the E.E.C. It certainly will be changed but that is not necessarily a criticism. The change could be to the advantage of the Commonwealth of Nations and to Europe. Different members of the Commonwealth are not bound together by colour, by race, by religion, by foreign policy or by defence treaties; while they all recognise the Queen as Head of the Commonwealth they do not all recognise as we do, that the Queen is their own Sovereign.

However, the Commonwealth is bound together by mutual respect for the independence of member nations and also by the informal discussions which take place between the Heads of Governments of the different countries. These informal discussions are, I believe, most valuable and Britain's accession to the Treaty of Rome would in no way alter these discussions. It is stated that the Commonwealth is tied together by trade treaties and that Britain's accession to the Treaty of Rome will alter this. British entry would certainly alter trade relationships, but I doubt if trade is at the centre of the Commonwealth's Association. Ever since the first Ottawa agreement was signed in 1932, the proportion of our trade that we do with the U.K. has fallen.

For example in 1932-33, over 41% of our imports came from the U.K., and 55%-56% of our exports went to the U.K. Now we get just over 30% of our imports from the U.K. and the U.K. takes less than 20% of our exports. The proportion of our exports that the U.K. takes now as compared to the early thirties, has fallen to one-third of what it used to be. The difference has been made up by markets in Japan; twelve years ago Japan took under 2% of our exports, and last year took nearly 18%. Twelve years ago the United States took 6% of our exports and last year took 10%. Our United States exports have
doubled from £39M. to £98M. over the last two years. Our exports to Japan rose by £31M. from £142M. to £173M. Our trade with the Pacific and Asian countries has been increasing, not only in major markets of Japan and the U.S., but also in the smaller markets such as Hong Kong, India, Ceylon, Burma, Thailand and the Philippines. The U.S. has become our third best customer. While we have been expanding our trade in these areas, despite vigorous promotion campaigns our trade with the U.K. has continued to fall. Last year the U.K. bought £188M. worth of goods from us, hardly more than Japan, and this was £25M. less than the year before. The plain fact of the matter is that our markets in Europe and the U.K., despite the most vigorous efforts of the Department of Trade, have been sinking both proportionately and absolutely, and our markets in other countries have been increasing.

Looked at it this perspective it can be seen that the British accession to the Treaty of Rome would not be a calamity for Australia. It may hasten trends that have been growing in any case. This is not to say that the effect on individual industries could not be of the utmost importance to those industries; some industries like John McEwen's dried fruits in the Murray Valley and the dairy industry which are of vital importance in their own areas, are likely to suffer, if the U.K. can't negotiate better terms with the Six, and if the U.K. still joins the E.E.C. It is to safeguard the outlets for these industries that the Government has devoted its major attention.

I have said more than once that Britain should join for political reasons, not just for her own interests but also in the interests of our own long-term security. It may well be that despite the skill of the British negotiators, and despite the pressures of the Australian Government, the Common Market countries may not give fully adequate concessions to protect some of our sensitive exports. If this does happen, and if Britain still joins — as for political reasons she should — then quite clearly it is up to the Australian Government to carry the cost of re-organization for any industry that may be affected. Individual industries need have no fears that they will be left in the lurch by the Australian Government. The Prime Minister has stated in the Parliament that the Government will stand by the industries that are affected, and there is a determination by those who have an appreciation of rural problems to see that it does.
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