MALCOLM FRASER, MEMBER FOR WANNON
comments on
NEW TRADE AGREEMENT.

Over the last few weeks the tragic events in Hungary and in the Middle East drove Australia's own domestic problems right into the background and now in the midst of what appears to be most happy and successful Olympic Games in Melbourne we are still perhaps a little unwilling to bring our minds down to the hard realities of our own problems, but because they are so real, lasting and important for the future I would like to say just a few words about the new Trade Agreement which, in part at least, should help in solving them.

Our basic problem lies, as if often has in the past, in the fact that we are trying to buy from abroad more than we can afford and if allowed to continue such a state could only lead to national insolvency. The Government has been trying to tackle this problem from two angles.

It has severely restricted imports into this country by a system of import licences and quotas which has at times acted with great severity on certain sections of the community, and on the other hand it has tried to encourage people to export more than they have before. To do this, in the first part of the year the Government passed a Bill which initiated an Exports Payment Guarantee plan. The purpose of this Bill was to encourage manufacturers to export into new markets. The actual provisions of the Bill have made it possible for manufacturers to insure themselves against failure to pay in certain specific instances by purchasers. In general terms the Bill would make it possible for manufacturers to take risks which would normally be beyond their capacity. It is hoped by encouraging them to do this that we may ultimately break into new markets and open up new trade for Australia.
For many months Mr. McEwen, Minister for Trade, has also been trying to get the Ottawa Agreement between England and Australia reviewed. Under this original Agreement first signed in 1932 we granted England large preferences on her goods that came into this country. These preferences have been lasting and they have been real but through the passage of time the preferences that Britain gave us on her market had become useless and also the commodities that were affected by them then are not so important to us now as they once were.

It was largely to alter this position to make it possible for us to gain a larger share of the British market and at the same time to make Australia more competitive that a new Trade Agreement was sought. Australia has been a closed shop for British manufacturers because of the very high preference duties that discriminated against continental manufacturers. Under the new Agreement Australia may substantially lower the margins so that the British preference is far smaller than it was formerly. This should lower the cost to Australia of many types of goods brought from Europe.

At the same time, various guarantees have been given by the British Government that should help us to maintain and increase our share of the English market. Perhaps the most important individual case has been the fact that over the twenty-five years England is to take 28,000,000 bushels of wheat annually from Australia - this could mean a very great deal. In this year because of crop failures in Europe our wheat exports may reach this guaranteed level but by contrast in 1954 when there were good seasons in Europe our exports were as low as 13,000,000 bushels.

Under the Agreement England is to take 25,000,000 bushels for 5 years. England has also agreed to try and restrict the effects of dumping on her market by foreign competitors - dumping which could do a great deal to destroy our own legitimate and traditional markets. The principle of restricted tariffs between England and Australia has been maintained but at the same time Australia has been given a little more freedom within the Agreement to alter certain tariffs if it is thought necessary. If advantage is taken of this position by
the Australian Government competition on this market between
British and European manufacturers could become \textit{very} more real.
In the past preference of British goods has made them almost immune
from any kind of outside competition. Under these conditions we
have not always bought as cheaply as we might.

It will take time to see how the new Trade Agreement
works. I don't believe it will substantially alter our pattern
of trade and in itself it cannot cure our balance of trade problems
but with other concerted efforts directed towards the same end,
we will go along towards achieving a true balance in our international
trade - that is a true balance without harsh restrictions of any kind.

One thing is also going to help us in this coming year.
All prices have risen far more than was expected. This may be
due to the Suez crisis, but I hope it is, in part, due to a general
rise in the demand for wool throughout the world.
It is essential that Australia learn to export her secondary industry
goods and as many of them as we possibly can in as short a time as
possible. Until export of secondary industry goods reaches a
level of  \textit{a year} - at present they are well under

we will be extremely dependent upon changes in the
prices of wool because they have such a large effect on our overall
balance of payments position. If the price for the \textit{present} year
is maintained throughout the year, it will do more than anything
else to get our international accounts on the right side of the
ledger.
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