

AUSTRALIA

The third round of ministerial consultations between the EC and Australia will take place on 20 and 21 March in Canberra. Mr Wilhelm Haferkamp, Vice-President of the European Commission, responsible for External Relations, will lead the EC delegation.

The two-day consultations will involve the Deputy Prime Minister and Minister for Trade, Lionel Bowen, and Foreign Affairs Minister, Bill Hayden, as well as Industry and Commerce Minister, Senator Button, Treasurer Paul Keating, Resources and Energy Minister, Senator Walsh, Primary Industry Minister John Kerin, and Science and Technology Minister Barry Jones. Mr Haferkamp is also scheduled to meet with the Prime Minister, Mr Hawke, on the morning of 20 March.

Main items on the agenda are EC/Australia trade, particularly in raw materials and energy, manufactures and agricultural products, as well as matters related to development aid, financial activities, and dumping and countervailing legislation and actions. A review of a broad range of current international issues will also be undertaken.

The talks, which are part of the regular EC-Australia consultations held alternately in Canberra and Brussels, will - it is hoped - contribute to consolidating and expanding, in a mutually beneficial way, relations between Australia and the European Community in the traditional as well as in new areas.

The ministerial consultations are preceded by preparatory meetings of senior officials currently being held at the Departments of Trade and Foreign Affairs. On the Commission side the preparatory talks are led by Mr Gianluigi Giola, Deputy Director-General of External Relations.

The Framework for Relations

Australia accredited a diplomatic mission to the Community in 1960 though her main economic and trade links at that time were with Britain which was not yet a member. Following Britain's accession to the Community in 1973, both sides expressed the desire to reach a closer relationship and at the suggestion of the Commission, regular high level consultations have taken place since 1974, including several at ministerial level, including several at ministerial level. To underline this commitment to close contacts, two Australian Prime Ministers, Mr Gough Whitlam in 1974 and Mr Malcolm Fraser in 1977, have visited the Commission, and in 1982 President Thorn paid an official visit to Australia. In this same context, the Commission established a permanent delegation in Canberra in 1981. Australia and the Community conduct their relations both within the multilateral framework of GATT and the OECD and other international bodies, and at a bilateral level. As is normal among the countries of the industrialised world, trade relations are based on the GATT Most Favoured Nation clause, though until Britain joined the Community in 1973, both Australia and Britain granted each other tariff reductions in the framework of the Commonwealth Preferences Scheme.

Relations between the two partners have at times been strained by disagreements on commercial policy. These have concerned in particular the high level of Australian tariffs on manufactured goods and the operation of certain external aspects of the Common Agricultural Policy. On this latter question progress has been made following the Community's decision to explore the possibility of participating in the International Sugar Agreement. Early discussions on this subject between the Commission and Australia within the International Sugar Council have taken place in an excellent spirit of cooperation. A satisfactory agreement has also been reached allowing exports each year of 17 500 tonnes of Australian sheepmeat to the Community.

Australia Euratom Agreement

Australia is expected within the next few years to become the world's largest producer of uranium and is a natural partner for the Community which wants to diversify its sources for this strategic raw material. Following two years of negotiations, an agreement was signed between Euratom and Australia in September 1981 setting out long term arrangements for the supply of uranium to the Community. The agreement, which has a duration of 30 years, came into force on 15 January 1982.

Steel

In 1978, Australia and the Community concluded a self-restraint arrangement covering exports of steel products to the Community. This arrangement, which is part of a packet of measures adopted by the Community to help its steel industry during the current recession, has been renewed annually since.

Trade Development and Structure

The Community is one of Australia's major trading partners representing her third largest source of imports and second largest market in 1983. On the Community side, Australia accounts for almost 1% of total imports and 1.5% of exports. Since it became clear that Britain would join the Community, Australia reoriented its trade towards its closer neighbours in the Pacific Basin and now four of these, Japan, USA, New Zealand and Korea account for nearly 50% of Australian exports.

Trade between the Community and Australia has nonetheless shown a considerable increase in the past ten years. EC imports went up from 1 566 MECU in 1973 to 2 956 MECU in 1982. EC exports to Australia went up from 1 526 MECU to 4 712 MECU in 1982. Britain still remains Australia's major trading partner in the Community (accounting for more than 35% of her total trade with the EC) though other member states, notably Germany, are playing an increasing role in this trade.

The Community's major exports to Australia are machinery, automobiles and plastics. The Community's major imports from Australia are raw materials, mainly wool and hides, coal, iron ore and non-ferrous metals.

	Trade between EC and Australia						Million Ecu
	1973	1975	1977	1979	1981	1982	1983(9 months)
EC Imports	1566	1667	2135	2397	2485	2956	2345
EC Exports	1526	2135	2686	2956	3951	4712	3221
Balance	- 40	486	551	559	1299	1756	876

Source: EUROSTAT

(+) The exchange rate ECU/dollar varies daily as the various EC currencies which make up the ECU vary against the dollar. One ECU was worth US\$ 1.2 in 1973, US\$ 1.37 in 1979 and US\$ 1.39 in 1980, US\$ 1.12 in 1981 and US\$ 0.98 in 1982.