AUSTRALIA-EU RELATIONS AND THE COMMON AGRICULTURAL POLICY SINCE 1970: CAUSES AND CONSEQUENCES OF POLICY FAILURE

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It is more or less commonplace that Australian-European Community (EC) relations have had a less than satisfactory history, and that disagreements with respect to the Common Agricultural Policy (CAP) have been at the core of the problem. Australia's persistent claim has been that it was the worst-affected of all nations by the CAP. The Australians in the 1970s had wanted to keep their exports to the Nine at the same level as to the UK before accession, and this, to their much-expressed annoyance, they had proved unable to do. Since the 1970s Australian governments have continually remonstrated with the EC over its seemingly selfish disregard of the effects of the CAP on Australia's market access to Britain and the EC, and exports to third markets; while the EC accused the Australians of having had unrealistic expectations of history continuing to repeat itself, and of greatly exaggerating their claims against the Community. Despite the oft-repeated charge of egotism on the part of the Community, and of 'Euroamnesia' and a 'David and Goliath' complex on the Australian side, [eg Burnett 1982, p.183; Groom 1989] a thorough substantiation and balancing of these claims has yet to be undertaken. Surprisingly little has been written beyond the period of the 1960s about the crises which marked the Australia-EC relationship,[1] or about more recent attempts at a 'more structured and modern' [*MDS* no. 183/94-5, 18 May 1995, p. 6373] relationship.

It is the purpose of this paper, then, to redress this situation by turning to a variety of primary and secondary sources which have not yet been applied to this purpose, so as to examine the history of Australian-EC relations, the fundamental issues, and the diplomatic processes and outcomes which have resulted. The paper suggests that the history of Australia-EC relations falls into four distinct phases: 1) 1970-75: Australia's adjustment to the UK's accession to the EC; 2) 1976-1986: head-to-head negotiations over agriculture and diplomatic disaster; 3) 1986-1993: negotiations through the GATT; 4) 1994–: reconciliation and broadening of the relationship. As will be seen, the paper concludes that while Australia has had some cause to be aggrieved by the CAP, its diplomatic response

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[1] Three books have been written on Australia and the EC: Gelber (1966), which analyses Australia's reaction to the first British application for membership; Miller (1976), which provides an overview of the period up to British accession, and Burnett (1982), whose subject is Australia-EC relations in the 1970s.

has lacked the finesse required to resolve the problems, and indeed has been the major contributor to their development.

Phase 1. 1970-1975: Adjusting to British Membership

The fissures between Australia and the EC in fact had already had a long history, stretching back to Australia's response to Britain's failed applications in 1961 and 1967. Even at this time, the Liberal-Country Party Government headed by Robert Menzies was criticised at home for having had a 'credibility gap' in its estimate of the likely impact of UK entry, and not least by presenting its case against UK entry as if all Australian exports of primary produce were equally at risk, when clearly they were not. [Sciberras 1971, pp. 236-238] Lesley Bury, the Minister for Air, was sacked from the Ministry for arguing in the federal parliament that it was 'well within the capacity of our broad and growing economy to finance with relative ease an effective solution to any problems which are likely to arise [due to British membership],' and that the Australian government had 'a solemn duty to the nation to lift this question out of the rut of petty politics.' [CPD (HR), vol. 36, 14 August 1962, p.282] Already, the EC was confronted by the agitations of a relatively small, but nonetheless affluent and developed nation, which seemed to expect that the EC would have the time and inclination to study its, seemingly exaggerated, complaints.

It is true that Australia's response to Britain's second application in 1967 was, as Miller puts it, somewhat 'diminished' next to that which preceded it. [Miller 1976, p.76] The experience of 1961-63 had intensified Australia's effort to diversify exports and export markets, and it had exposed the vulnerability of industries which had been developed specifically for the British market. [ibid., p.77] Australia's fears about its balance of payments had been lessened by the massive increase in the export of iron-ore to Japan, the finding of new markets for meat in the United States, and for wheat in China. In the 1960s Australia's exports of mineral resources boomed so that by the end of the decade it was also one of the world's largest producers and exporters of minerals of which iron ore, coal, lead,

bauxite, zinc, copper, nickel and heavy mineral sands were the most important. [Boehm 1993, p. 100; EP 1979, p. 8] The resources boom and diversification of Australia's agricultural markets drastically reduced Australia's trade dependence on the United Kingdom, namely from 31.4 per cent of exports in 1958/59 to 9/.6 per cent in 1972/73, and from 38.6 per cent of imports in 1958/59 to 18.6 per cent in 1972/73. [EP 1979, pp. 9-10] Japan in fact overtook Britain as Australia's main export market in 1966-67, and in the same year the US replaced Britain as the main source of imports. [Tweedie 1994, p. 171]

In 1967 optimism could therefore be expressed about Australia's agricultural exports in the event of British accession. It was true that agriculture still accounted for about 60 per cent of the nation's exports, [Working Group 1974, p. 294] and its political clout remained commensurate, if not indeed disproportionate, to this. Chief among its agricultural products and exports were sheepmeat, beef, cereals, cheese and dairy products, sugar, and dried, fresh and canned fruit. With over 151 million sheep by 1975, Australia supplied about three tenths of the world's wool, and this provided the major source of its agricultural revenue. [EP 1979, p. 8] However, even those commodities which were traditionally most dependent on the British market (sugar, dairy products and fruits) had made inroads into new markets. [Miller 1976, p. 93] When in 1971 Britain produced a White Paper on the effects of membership, it estimated that that less than 12 per cent of Australian exports were going to the UK and that at most 7.5 per cent of total exports would be put 'at risk' by British entry. [ibid., p. 97] Thus only a small handful of Australia's rural were likely to be adversely affected by the loss of the UK market and, aggregately, such losses would be of negligible impact on the Australian economy, though they would undoubtedly hurt the regions concerned. The more sober heads realised that for both Britain and Australia there was no turning back.

Miller is too sanguine in his assessment of the wider impact of the 1967 application on Anglo-Australian relations, however. The broad drift of events left a bad taste in the mouths of both the

British and Australian governments. John McEwen, Minister for Trade and Industry and leader of the rural-based Country Party (later renamed to the National Party), mounted a tough campaign to secure the best possible terms for Australia if accession went ahead. The British had at first promised to be mindful of Commonwealth interests and the Australians felt misled when they obviously changed their mind. [Downer 1982, p. 89] Britain seemed prepared to renounce its commitments to Australia on a wide range of policies. The Australians were seriously perturbed by the Wilson Government's proposal to reduce its military strength East of Suez by 50 per cent in 1970, and completely by 1975, on the grounds that the costs of entry to the EC would be great and that the defence bill must therefore be pruned. [Bell 1988, pp. 91-92] The Australians were similarly angered by what they regarded as the Wilson Government's 'tactless' handling of immigration matters, which included restrictions on Australian entry to the UK. Sir Alexander Downer, the Australian High Commissioner in London at that time, believed that had Britain not included Australians in its tightened immigration controls, then 'the lasting damage to the traditional feelings of Australians towards Britain would not have been so heavily inflicted.' [Downer 1982, p. 195] The 'kith and kin' relationship between Australia and the UK had therefore been greatly damaged well before the latter commenced formal negotiations with the EC in June 1970.

Australia nevertheless gave the UK's application its broad blessing; it had been the consistent policy of Governments since the first British application that a successful Britain in a vibrant Common Market could only be of benefit for Australia. [*SMH* 28 June 1971, p. 15] Only days after assuming office, Anthony Barber, appointed as Minister in charge of the EC negotiations in the new Heath Government, briefed Commonwealth representatives to the effect that any questions these governments wished to raise indeed would be carefully considered by the British Government. [Downer 1982, p. 267] McEwen immediately made it plain that he would expect Britain to state Australia's case and identify what special provisions needed to be made. He expressed particular concern over the future of butter exports (70 per cent of which went to the UK), canned fruit (60 per cent) and fresh and dried

fruit and sugar. He also spoke pointedly of the dangers to international trade if the EC dumped its surplus produce on world markets.' [CPD (HR), vol. 69, 20 August 1970, pp. 323-324] Despite the pressure he brought to bear on the British Government during a trip to Europe soon after accession negotiations commenced, McEwen was pessimistic about obtaining concessions in the treaty of accession and about the prospect of CAP reform. In his view, 'recourse to GATT provides the only prospect of avoiding serious damage to the trade of Australia.' [ibid., pp. 329-330]

The year 1971 proved to be 'a sad and contentious period' in Anglo-Australian relations. The retirement of McEwen early in 1971 had made little difference, for his replacement as Country Party leader and Minister for Trade and Industry, Doug Anthony, was essentially his protege, and a man vastly inexperienced in international affairs. Tempers on both sides flared in June 1971 when the terms of entry were announced, since no specific provisions for Australian agriculture had been secured. In a private meeting with Sir Alexander Downer, Barber's successor, Geoffrey Rippon, allegedly erupted into anger about Australia's dissatisfaction with the outcome of the negotiations. He 'embarked on a bitter tirade against Australia. We were a selfish country . . . We cared nothing for Britain . . . Australia was a rich country, richer than Britain.' [Downer 1982, p. 271] Meanwhile Anthony maintained that, in its determination to join the EC, the British Government was jettisoning the transitional arrangements Rippon had promised Australia in a speech to the National Press Club in September 1970. [eg. *Australian*, 3 July 1971, p. 4] His bitter and exaggerated statements, which appeared to be perhaps largely directed to his farming constituency, were reportedly met with disbelief in Whitehall [*SMH*, 29 June 1971, p. 5], and provoked the censure of Australian editorial opinion and the Labor Opposition. [eg. *SMH*, 26 June 1971, p. 6; *AFR*, 29 June 1971, p. 2; CPD (HR), vol. 74, 7 October 1971, pp. 2088-2089; CPD (HR), vol. 75, 10 November 1971, p. 3286] Critics argued that any blame for the unfavourable entry terms lay not with any betrayal on the part of Britain, but rather with the Australian Government itself. The Government had failed to rationalise Australian rural industries dependent on the British market in the ten year 'breathing space' afforded by de Gaulle's

vetoes, it had lobbied too late and in an overbearing manner, and had exaggerated the adverse economic effects of British entry on Australia. [see eg. Bruns 1971]

The Australians were nonetheless heartened somewhat by British reassurances that they would at least do their best to defend the interests of the Australian sugar industry, which on the face of it, stood to lose a third of its exports by Britain's entry, and which carried considerable political clout in Canberra. Under the provisions of the International Sugar Agreement (ISA) of January 1969, the Australian industry had a basic export quota to the free world market of just over one million tons of sugar. [*Australian Sugar Book* 1972, p. 50] An additional 335 000 tons, exported annually to the United Kingdom, was the largest component of the latter's annual import of 1.7 million tons under the British Commonwealth Sugar Agreement (BCSA). The most recent BCSA, which covered the years 1969-74, was expected by the Australian industry to be of 'infinite duration', and was a matter of considerable convenience to both countries, and not least to the British refiners Tate & Lyle, who depended overwhelmingly on their Australian supplies. [Southgate 1984, pp. 50-54] The CSR company, which was then Australia's second largest company, and was charged with the marketing of the nation's sugar, was convinced by the British government that, while it declined to be committed to contractual obligations after the end of 1974, it would 'consult with the other parties with a view to finding the means of fulfilling the objectives of the BCSA beyond that date.' [CSR *Annual Report 1969*, p. 22]

The EC's beet producers, notably in France, had other ideas, however. Backed by the assurances of the CAP, and with their eyes on the British market and markets beyond, and with the potential to expand their output greatly, they had no intention of permitting Australian exports to the Community beyond the end of the BCSA. [Miller 1976, p.107] The Australians hoped that the British would secure for them an exception to the Community's rules, either by way of a protocol of Britain's accession, or by way of a separate, exceptional agreement. [Southgate 1984, p. 38] The issue, said the

CSR in its Annual Report in 1971, 'overshadowed all other matters', and its solution was the subject of 'considerable effort' by the CSR company's officers, the Queensland Sugar Board and both the Queensland and Federal governments. [CSR, *Annual Report 1971*, p.19] Clearly aware of the sharp conflict of policy interests in which they found themselves, the British were able, in the event, only to secure an arrangement on behalf of the developing Commonwealth sugar producers, under Protocols 17 and 22, leaving the Australians with vague assurances that they would 'seek to ensure that imports from Australia will not cease abruptly, but will be phased down over some years.' [Southgate 1984, p. 46; CSR, *Annual Report 1972*, p.30]

During 1974, however, the prospects for a new arrangement favourable to Australia suddenly seemed to improve. The key to bringing this about was the increasingly serious shortage of world sugar supplies. During 1973 and 1974 the world's sugar producers suffered exceptionally bad seasons, while the Soviet Union made large purchases on the world free market, which further exhausted stocks. World raw sugar prices rocketed upwards to record levels and by mid-1974 were some four times the level of mid-1972. The world sugar price was so high that it exceeded the Community internal price from November 1973. The EC could only cover its needs by imposing a levy on its export of sugar and running down stocks. [Spenceley 1994; Stevens & Webb 1983, p. 334]

While this fragile compromise was being worked out, in Britain the newly-elected (Labour) government secretly put out feelers to Australia with respect to signing a new, long-term sugar agreement. Discussions ensued between the British Minister for Agriculture, Fred Peart, and the Australian Minister for Northern Development, Rex Patterson, over the possibility of a 1.5 million tonnes contract, to cover a period of five years (ie. a tonnage in the vicinity of the BCSA quota of 335 000 long tons per year), and reference was made to an expectation of arrangements beyond that time. [CSR 'EEC File', Noel Butlin Archive, A.N.U. Ref. Z109 Box 429. Telex CSR to Northern Development, 24 June 1975; *Agra Europe*, no. 39, 29 September 1974]

There ensued what might best be described as a cat and mouse game between the Australians and the UK. The EC had made it clear from the beginning that the principle of Community preference meant that Britain's sugar shortage should be met and that the UK could no longer negotiate long-term agreements with outsiders without the members' unanimous consent. [Stevens & Webb 1983, p. 336] The situation was eventually resolved by Commissioner Lardinois and his staff at DGVI. Under the Lardinois proposal the EC effectively transferred to itself the expense of meeting the UK's sugar shortage by offering to buy sugar to meet the UK's immediate needs at world market prices (around £400 per tonne) and to subsidise it for sale on the British market at the prevailing internal Community price (around £130 per tonne). In the event, the negotiations between the UK and Australia came to nought, just as the CSR had always felt was most likely. [Stevens & Webb 1983, pp. 336-339]

The sugar crisis acutely symbolised Britain's new involvement in the EC, and strongly reinforced the sense in Australia that its own economic future lay in markets closer to home. It left the Australians with a sense that they could no longer trust the UK to act in the EC on their behalf. The EC had also declared its hand, thereby bringing the Australians face to face with the realities of the CAP for the first time. Though the Australians had done well in the meantime to lock themselves into a series of secure, long term agreements in Asia, [Spenceley 1994] 'Monsieur beet' was about to indulge in a war of attrition with the world's sugar producers. [Stevens & Webb 1983, pp. 340-344] There were many in Australia who felt the sugar issue equated closely to what might broadly be expected from the CAP. At the same time, the episode marked a new period of assertiveness on the part of the Australians. In December 1972 the Australian Labor Party (ALP), under the leadership of Gough Whitlam, had come into power vowing to pursue 'a more independent Australian stance in international affairs'. [*Current Notes on International Affairs*, 43, 2 (December 1972), p. 619] The new Government drove a hard bargain in the negotiations with Britain, insisting on a long-term contract at favourable prices. *The Australian* newspaper applauded the Government's tough stance, asserting that

'[t]he day is gone when we could afford to give the British market any preferential deals.' [8 August 1974, p. 8]

All was not quite lost to the EC-Australia relationship, however. Early in September 1974, some days before the Lardinois proposal was accepted by the Council of Ministers, the Australian Government was visited by Sir Christopher Soames, Vice President of the Commission. Among the issues discussed were the EC's beef import ban, which had been imposed without warning that July, possible access for Australian sugar to the British market, European interest in uranium, and the broader issue of multilateral trade negotiations. Soames summed up the relationship thus:

> I somehow have the feeling that up until fairly recently our relationship has been characterized by a certain degree of mutual hesitation and that negative elements have predominated over positive . . . It is high time, in my view, that we set out deliberately to build up our links . . . From the way some people have been talking lately, you might think that the Community was nothing more than an elaborate device to stand between Australia and her sacred vocation to provide cheap food for Britain. [*AFAR*, 45, 9 (September 1974), pp. 597-579]

Though mutual recriminations were cast by both sides on the other's protectionism, Soames also identified what he saw as the common interests between the two, notably, that they were both 'important components of an international monetary, commercial and economic order'. [ibid., p. 600] In a newspaper interview he was more forthright about the precise form of cooperation he wanted to promote: uranium contracts. [*Age*, 11 September 1974, p. 16] Australia at that time could boast 20 per cent of the world's recoverable uranium resources, [Australian Atomic Energy Commission, *Annual Report 1974-75*, p. 29] and world prices for uranium were booming. [Cawte 1992, p. 146] The most tangible outcome of Soames's visit, however, was the agreement that there should in future be periodic meetings (either at Ministerial or senior officials level) between Australia and the Commission 'to enable consultations on the broad range of our mutual interests'. [ibid., p. 597] The first high level consultations finally went ahead in June 1976, when an Australian delegation headed by Alan Renouf, Secretary of the Department of Foreign Affairs, visited the Commission. [*Bull. E.C* 6-1976, p. 69, point 2368; DFA, *Annual Report 1977*, p. 53]

On 14 December 1974 the Australian Prime Minister, Gough Whitlam, embarked on what he termed a 'long overdue' European tour; it was the first visit by an Australian Prime Minister to Europe in 15 years, and the first ever by an Australian Prime Minister to the European Commission. [*Australian Government Digest*, 2,4 (1 October-31 December 1974), p.1271] In a speech at a dinner given by the Prime Minister of Belgium, Whitlam outlined his view of the importance of the Australia-Europe relationship. 'There is an impression abroad in Australia and Europe', he said, 'that Europe no longer matters to Australia, that our destiny now lies exclusively with Asia, Japan and the nations to the north. That is a false impression.' [*Australian Government Digest*, 2, 4 (1 October-31 December 1974), p.1284] In a later speech at the Brussels International Press Centre, Whitlam stressed that Australia had 'successfully adjusted the pattern of our trade to take account of British membership . . . We are not concerned to turn back the clock . . . We will, however, continue to press our own interests as effectively as we can.' He was assertive about the need to reform EC agricultural prices and, playing his trump card in the post oil crisis world, emphasised strongly that 'this question cannot be separated from the wish of European countries to obtain supplies of materials, particularly energy resources; [*Australian Government Digest*, 2, 4 (1 October 1974-31 December 1974, pp. 1288-1292] it was uranium which he had uppermost in mind. Whitlam felt he was in a position to demand concessions on market access to the Community in return for contracts to provide energy-strapped Europe with the uranium it needed to expand its nuclear energy programme. Whitlam therefore made this the centrepiece of his talks with the Commission on 17 December. [*Bull. EC* 12-1974, p. 79, point 2330] He clearly hoped that the glittering prospect of uranium exports to Europe would usher in a new period of Australia-EC relations, and one in which Australia would be able to act on more equal terms. According to statements Whitlam subsequently made, the possibility of a framework agreement was broached during the course of the talks. [eg. *CR*, 2, 20 (23-29 May 1977), p. 644]

Whitlam's urbane style and knowledge of European culture made him a welcome guest in discussions with Jenkins, despite his hard-nosed resources diplomacy, but his trip soon came under fire from the Australian media as an expensive waste of time. [eg. *Australian*, 11 December 1974, p. 12] Andrew Peacock, Shadow Foreign Minister, admonished Whitlam's failure to obtain a firm commitments on uranium supplies with the words: 'at the present moment, blind Freddy could sell uranium to the Europeans', to which Deputy Labor leader Lionel Bowen retorted: '[f]or the first time in many years these countries have seen the Australian leader. Is it any wonder that our trade figures are so atrocious.' [CPD (HR), vol. 93, 11 February 1975, pp. 66, 73, 75] Despite Bowen's defence of his leader, it is clear that at this time the Australia-EC relationship was far from perfect and that, even while trying to reassure the UK of the importance of its remaining in the EC, and to present a more benign face to the Commission, Whitlam characteristically played for too high stakes. He held out for long-term contracts involving the export of uranium oxide, rather than short-term supplies of yellowcake, thus gambling — as it transpired, wrongly — that the seller's market in uranium would continue. [*AFR*, 19 December 1974, p. 21]

From this time on, however, the Whitlam government found itself more and more embroiled in a constitutional crisis which would ultimately be its undoing. In November 1975 the Government was dismissed by the Governor-General, and in the subsequent elections the Liberal-Country Party coalition won a resounding victory. The election to power of a Liberal-Country Party government quickly led to the resurrection of the old McEwenite hostilities. Neither Prime Minister Fraser nor his deputy, Anthony, had overcome the sense of Britain's 'betrayal', nor were well acquainted with the EC, and both were extremely conscious of the power and pressure of their rural constituencies. It was not a mixture designed to improve relations between Australia and the EC.

Phase 2. 1976-1986: Head-to-Head Confrontation

The nature of the Fraser Government's future attitude was signalled early in June 1976 when Fraser informed the federal parliament that better access to the EC was a government priority. [CPD (HR), vol. 99, 1 June 1976, p. 2772] In its first year in office, however, the government seemed unsure on how best to put this resolution into effect. The Foreign Minister, Andrew Peacock, appeared to take a more conciliatory view than others in the government, notably Anthony. In a speech to the Boroondara Branch of the Liberal Party, Foreign Minister Peacock explained that 'it is time to stop viewing the EEC as simply a closed agricultural shop', and confirmed that the June 1976 officials delegation to Brussels had 'reaffirmed Australia's interest in a system of annual across-the-board consultations with members of the Commission of the EEC and in supplementing these with a more intensive discussion at levels ranging from the ministerial to middle level official discussions'. [*CR*, 1, 2 (12-18 July 1976), pp. 79-82] However, while in Brussels in May 1977 Anthony turned down a proposal for a bilateral agreement on uranium, specifying immediately that any such agreement should extend to other energy resources, and preferably to agriculture as well. [*Far Eastern Economic Review*, 20 May 1977, p. 32]

At home, Anthony signalled a hardening in the Government's position by claiming in Parliament that the CAP had thus far cost Australia almost $2 billion a year, and that the figure would 'grow in years to come unless we are given more equal opportunities to sell our goods in the EEC'. [CPD (HR), Vol. 105, 25 May 1977, p.1807] In the middle of that year, according to Alan Renouf, [Renouf 1986, p. 163] 'the government resolved to confront the EEC over its Common Agricultural Policy.' Prime Minister Fraser followed Anthony to Europe, seemingly determined to take up a strong, uncompromising stance. In a speech at Mansion House, London, he acknowledged that Australia had in the past pursued a protectionist policy on manufactured imports, but countered Commission protests by pointing out that tariffs had been reduced by about 30 per cent since 1973. He argued, further, that responses to the access problem had 'not been the same. Despite our tariff business, Europe does have reasonable access to our markets, but we cannot get reasonable access to European markets for

important agricultural products'. The 'devastating effects' of restricted opportunities for Australia's agricultural exports could be illustrated, he claimed, by the fact that 'in the last six years, one dairy farmer in three has left the Australian dairy industry', and by the impact of restitutions on Australia's share of the Sri Lankan flour market which in recent years had shrunk from 87 per cent to 'less than a quarter of that'. [*CR*, 2, 22 (6-12 June 1977), pp. 712-714] Fraser signalled he was prepared to use the supply of uranium to EC countries as a bargaining ploy. [Ayres 1987, pp. 344-345] However, in discussions with Henri Simonet, Belgium's foreign minister, on 16 June, Fraser was greeted by the sharp response that the supply of uranium could not be used as a threat in negotiations. [ibid., pp. 344-345]

When Fraser moved on the next day to meet Commission President Roy Jenkins, the outcome was far from cordial. [*Economist*, 25 June 1977, p. 62] Jenkins records in his diary his obvious distaste for a man he found to be 'rather a surly fellow who looks a mixture of the self confident and the suspicious'. An 'awkward and aggressive man, who does not put his best face forward' and whose 'attitudes obviously caused considerable embarrassment both to the [Foreign Minister] Peacock, . . . a much smoother man, and to his Ambassador [Sir James Plimsoll].' [Jenkins 1989, pp. 118-119] A background of tension between Australian officials and Jenkins had existed for some time. [Downer 1982, pp. 193-194] It seems clear, however, that in resolving to confront the EC over the CAP, Fraser had let both his personality and preconceptions intrude. Renouf regarded the mission as 'ill-judged and bound to fail'. Fraser, said Renouf, had threatened a trade war, a circumstance which there was 'no way' Australia could win. Fraser and his government had displayed 'a far-fetched idea of Australia's importance in international affairs, a readiness to be aggressive with friends in the conduct of foreign relations, and a tendency to go into bat without adequate preparation and without regard for the odds'. Australia's position, Renouf argued, was indefensible: 'How could Australia convincingly attack the EEC over protectionism when she herself was one of the most protectionist countries in the Western World'. [Renouf 1986, p. 163]

In a subsequent broadcast to the nation, accounting for what had clearly been a disastrous trip, Fraser reiterated the argument that the Australian David has consistently played more fairly than the EC Goliath. He also observed, pointedly, 'that in Europe I found that the main matter they wished to discuss with me was uranium . . . . They look upon Australia as a potential reliable supplier of energy for the homes, for the factories of Europe', he informed his audience, 'so that their people can be employed, and so that their standard of life can be maintained.' He went on:

> I make the point now, as I made it to them, that if Europeans want stability of access to supplies of energy, to supplies or uranium, it is reasonable enough for us to seek to have that principle of stability applied to access to their markets. Stability is a principle that cannot just apply to one part of trade between nations. It ought to apply to supplies of raw materials and to access to markets, and I believe that Europeans are coming to understand that. [*CR* 2, 25 (27 June - 3 July 1977), pp. 811-812]

On 17 July 1977 Fraser suddenly released a statement announcing the designation of John Howard as Minister for Special Trade Negotiations with the EEC, the first such appointment. Howard's mission was to cover the entire commercial and economic relations between Australia and the countries of the EC. The appointment was made, said Fraser, 'because Australia needs to be represented at the highest level, on a continuing basis, if the bilateral problems facing Australia and the EEC are to be resolved adequately.' The need had become clear not only during his discussions with Jenkins, but also with the heads of European governments. [*CR*, 2, 39 (3-9 October 1977), pp. 1389-1390; see also Howard's statement on 11 October, *CR* 2, 40 (10-16 October 1977), pp. 1425-1426] Among other things, the possibility of constructing a framework agreement was to be discussed. [*CR*, 2, 27 (11-17 July 1977), pp. 901-902] When pressed by an Australian journalist, Howard argued that 'over a period of time . . . we have been very badly treated by the Europeans' and that 'a major effort was required'. [*AFR*, 29 August 1977, pp. 2, 27] He denied that there was any hypocrisy in demanding greater access for Australian goods when 'we are busily increasing other trading nations' access to our markets'. It was a matter of comparing Australia's 'impediments' with the EC's 'absolute

prohibitions'. [ibid.] 'The Minister for Uranium Sales', as he was quickly dubbed by the Australian press, did not deny that discussions on the CAP would be linked to uranium.

Howard arrived in Europe claiming that he had not come to the EC to 'seek special favours for Australia', but rather 'to say quite frankly and plainly that the current imbalance of trading opportunities in certain areas between Australia and the countries of the European Community is placing severe strain on the totality of the trading relationships between us'. [*CR*, 2, 39, (3-9 October 1977), p.1389; *AFR*, 29 August 1977, p. 2] Howard appears to have been briefed to present his case in the strongest possible terms, and also appears to have gone back on previous arrangements made between Fraser and Jenkins for officials talks. As Jenkins records:

> He [Howard] had clearly been sent by the egregious Fraser with an extremely rough but foolish negotiating brief. It meant they were trying to go back on the plan we had laboriously agreed to in June for having a general review of trading matters at official level, but *not* ministerial talks and not with a view to the conclusion of a bilateral agreement at this stage. As a result of this he had stubbornly refused the evening before to allow talks to take place between officials on the agreed basis. The objective of my meeting was to get him to change his mind on this, which I did, but not without *the chilliness and roughness which seems, far more than with any other government, to be involved with the Australians at the present time*. [our emphasis] [Jenkins 1989, p.145]

On his brief return to Australia late in August, Howard argued that Australia had previously been 'altogether too defensive about the relative trading practices of the major trading nations around the world because the Common Agricultural Policy represents the most protectionist arrangement imaginable'. [*AFR*, 29 August 1977, p.2] Almost immediately afterwards, on 25 August 1977, Fraser gave the green light on uranium exports. [Cawte 1992, p.157] In Australia, it was widely felt that the country was suddenly back in the 'Lucky Country League', and hence in a comparatively strong bargaining position *viz a viz* the EC.

Late in October, Howard returned to the Commission to make the first ever presentation to the Commission of an analysis of the trade relationship between Australia and the EC, containing specific proposals to mitigate the effects of EC trade policies on Australian exports. The Howard

Memorandum, as it became known, presented Australia-EC trade as grossly balanced in favour of the Community and 'tending to become more so':

> The present situation is that the EEC is the largest supplier to the Australian market, providing more than one quarter of Australian imports . . . In contrast, Australia's access to the EEC's agricultural markets has fallen dramatically. Over the past four years exports of foodstuffs to the EEC have dropped by more than 80 per cent. ['Australia's Trade and Economic Relations with the European Communities, Note presented to the House of Representatives 1 November 1977, p. 4.)

The worst affected exports were butter, cheese, wheat and sugar, which had been totally excluded from EEC markets; but in addition exports of beef, sheepmeat and canned fruits had been 'significantly reduced'. [ibid., p. 2] The Memorandum extended its criticism of CAP beyond issues of bilateral trade to the adverse effects of restitution payments on Australia's exports to third markets. For example, Australian exports of dairy products had faced competition from subsidised EC dairy products in South East Asia, the Middle East, Latin America and Japan. [ibid., Annex A, p.4] Restitution payments 'further depressed world prices and reduced the already limited market opportunities for traditional exporting countries.' [ibid., Annex B, p. 4] In light of this analysis, the Memorandum made a wide range of proposals on market access and export subsidies. It sought increased annual quotas for beef and a relaxation of import levies; reductions in the duties on sheepmeat and fresh and canned fruit; the EC's accession to the ISA and the conclusion of an international agreement on grains. [ibid., Annex A] On the issue of export refunds, the Government sought 'a recognition by the Community that the restitution aspects of the CAP policy . . . often result in considerable disruption of the orderly flow of international trade.' [ibid., p. 6] It requested the EC to accept 'disciplines' on the level of restitution payments, most immediately for dairy products. [ibid., p. 4]

In a final statement released at the end of his European tour, Howard claimed he had made 'the most intensive effort yet . . . to put directly to both member states and the Commission [Australia's] complaints about the way in which European trade policies are damaging the legitimate trading interests of Australia. [*CR*, 2, 43 (31 October - 6 November 1977, p. 1568]. His spell as Special

. Minister ended abruptly in December, when the Fraser government was re-elected and Howard was rewarded for his efforts in opposing Fraser's rival, Peacock, by way of appointment as Treasurer. Vic Garland was made the Minister for Special Trade Representations.

In February 1978 the EC Commission imposed a provisional anti-dumping duty on imports of iron and steel coils for re-rolling in Australia. [*OJ* L 45/17, 16.2.78] This was not a good pointer for Garland's future negotiations, and in the circumstances the situation called for the utmost tact. Yet when Garland picked up the pieces left by Howard he merely re-assembled them in the by now customary manner. Returning from his first official visit, he asserted not merely Australia's need for an opportunity to re-enter European markets, but its right to do so. He went so far as to inform the Australian federal parliament that 'Australia is the country worst affected by the enlargement of the EEC and its Common Agricultural Policy . . . nobody on either side of the House anticipated the severity of the effects' and he warned that 'there are limits to patience and understanding' and spoke of Australia's mounting 'anger and frustration'. He also informed the House of his scepticism about the notion of a framework agreement; 'we seek substance', he said, 'not formalities'. [CPD (HR), vol. 108, 16 March 1978, pp. 831-834]

Fraser and Anthony were in an equally combatant mood, threatening now to engulf Australia in a serious trade war with the EC. On 6 April 1978 the Government handed to representatives of the Nine in Canberra a note which threatened retaliation if the demands contained in the Howard Memorandum were not shortly met, a threat reinforced by Mr. Garland in discussion with Vice-President Haferkemp in Geneva on 9-10 April. The threats included the areas of military and commercial aviation, computers and other electronics and communications equipment, and the setting of import quotas on European vehicles. The main contenders in Fraser's proposed hit list were the French Airbus being considered for purchase by Australia's domestic airline, and the Royal Australian Airforce's plan to replace its Mirage III fighters with either the Mirage 2000 or the joint British-German-Italian Panaua Tornado. The

supply of uranium would not be directly related to this retaliatory process, however, 'although negotiating timetables could be affected'. [*AFR*, 12 June 1978, p. 4]

The EC rejected Australia's former submissions for better treatment on a wider range of agricultural products and for guarantees against extension of similar policies to manufactured items such as steel. The basic EC attitude was that issues should be fought out in the broader forum of the Tokyo Round of multilateral trade negotiations (MTN). Fraser, who was in London at this time, said he found the EC's response 'totally unacceptable . . . Australia would be forced to re-examine the totality of its commercial trading policies with the community. There should be no mistake or misunderstanding about Australia's resolve in this regard'. He had been encouraged, in his resolve, he said, by British Prime Minister Callaghan who had told him 'you've got to keep on pressing, you've got to be forthright, you've got to be plain, because you'll get there one day'. [ibid.] In London, *The Economist*, never an avid EC supporter, surmised: 'The EEC is about to lose export orders for the first time as a direct result of the protection it extends to its farmers', and it suggested that the 'Australians feel they have nothing left to lose'. [*Economist*, 17 June 1978, pp. 63-64]

Closer to home the Australians' hard-line approach drew a much more varied response. Although strongly supported by the Australian Farmers' Federation, [*CR*, 3, 5 (6-12 February 1978), p. 97] the Government faced equally vehement criticism and not merely by way of the Labor Opposition, whose Deputy Leader, Lionel Bowen, described the Government as having 'done great damage to an important relationship'. [*CR*, 3, 22 (5-11 June 1978), p. 691] The *Australian Financial Review* was by now a strident critic of the government's policy. It was clearly appalled and disconcerted by Australia's trade war threats, and mused as to the likely benefits of Mr. Fraser's strategy to 'be getting as tough as we know how', [*AFR*, 12 June 1978, pp. 1, 4] and his rejection of Roy Jenkins' charge that 'his previous attacks on the Community have damaged Australia's chances of getting the changes it wants'. The *AFR* agreed with the Labor Party that it would 'be disastrous for

these relations if Mr. Fraser allows his obvious annoyance with the Community's trade policies to degenerate into outright confrontation', and argued that 'while Mr. Fraser has cause to be disappointed, there is a definite danger of Australia over-reacting to what the EEC is doing.' It concluded thus:

> 'While guerilla tactics offer one form of retaliation, it would be stupid for Australia to conduct this in a mindless way, sniping at everything European simply because it was European.' [ibid.]

Australia's blunt approach did not appear to have paid off. A strong statement by Mr. Fraser i had resulted in the Australian Ambassador to Brussels, Sir James Plimsoll, being called in by the EC's Director General for External Relations, Sir Roy Denman. The Commission rejected the claims in the Howard Memorandum in strong terms. Relations with France were particularly strained. They had not been helped by Mr. Garland's statements to French businessmen in Paris to the effect that 'we fought with you in the two world wars so you should come to the party with us now'. Critics of the Fraser Government noted that while Australia could sell only 10 000 tonnes in the Community in 1977, Argentina had sold 70 000, despite the fact that market access was the same in both cases. The Australians boasted of being the world's most efficient beef producer, but they had not yet got over their past concentration on the British market [*AFR*, 12 July 1978, p. 12].

A change for the better was fleetingly promised in June 1978, when the Australian Government, pressed hard by the EC, abruptly agreed to switch the negotiations to a multilateral basis. Even then, however, it hinted at the possibility of a trade war in the event of failure: 'we made it abundantly clear to the Community that in the event of our representations not being satisfactorily resolved, either bilaterally or in the MTN, Australia would be forced to reappraise the totality of its trading and commercial relationships within the EEC.' [DFA, *Annual Report 1978*, p. 45] Such a failure looked increasingly likely as the Tokyo Round progressed. On 13 July Robert Haupt reported in the *AFR* that Australia had been 'slaughtered' on the issue of restrictions on the EEC's subsidies to agriculture. [*AFR*, 13 July 1978, p. 1] The draft agreement which emerged covered only industrial subsidies. Agricultural subsidies had been left untouched 'at EEC insistence'. The *AFR* lamented:

> The truth is we are relatively powerless and unimportant in Europe. Although we might have a chance of riding on the United States' coat-tails in a showdown between the US and Europe, there is little we can do on our own. The government almost certainly realizes this now. Where it did eighteen months ago is another question. It may be that the whole exercise has been an explosive education in the international facts of life for the Prime Minister and his government. [ibid.]

The dust had scarcely had time to settle on the matter before it was whipped up again, this time on the issue of the EC's proposal in July 1980, largely under French initiative [*AFR* 15 July 1980, p. 7] to include sheepmeat under the regime of the CAP. The Australian response to the news was both immediate and strident, the Minister for Primary Industry, Peter Nixon, threatening to cut the imports of a range of EC goods — including Mercedes Benz, Citroen and Fiat cars, and European wines and spirits. [*AFR*, 14 July 1980, pp. 1-8] His statement was followed by a threat from Deputy Prime Minister Anthony to Agricultural Commissioner Olav Gundelach in Canberra, to the effect that the Australian government would divert A$1000 million of trade away from the EC unless Australian sheepmeat was assured continued access to European markets. Gundelach was not amused. He had 'not taken kindly' to the threats. He said 'he was not accustomed to negotiating under threat . . . the Australian government felt that it had to make threats in order to be heard. I personally don't think that has to be the case'. [*AFR*, 16 July 1980, p.3] However, he made what appeared to be an appeasing offer for discussions in Brussels in September. [ibid.] At that meeting, however, Anthony continued to make threats: tenders and contracts for defence and telecommunications equipment would be the major items in a mooted cut of $2000 million of imports from the EC if it did not acquiesce to his demands. His visit was said to be 'indicative of the state of total exasperation' felt by Australian trade representatives in Brussels. 'We have come to the end of our tether', a senior Australian trade attache told the *AFR*. [*AFR*, 15 September 1980, p.7] The EC's decision to implement a restrictive sheepmeat regime, a mere two months after assuring Australia that the CAP would not extend to sheepmeat in the foreseeable future was the final straw. [ibid.] EC assurances that its budgetary problems would mean that subsidies would be of a limited extent were rejected. Australian Trade Department analysts were

quoted as saying that 'as long as the CAP was the single most important EEC initiative for ensuring European unity, funds will always be available for extravagant subsidies'. [ibid.]

Despite the unfavourable circumstances of Anthony's visit and the 'difficult and protracted' nature of discussions, the two sides reached a compromise on a voluntary export restraint agreement for Australian sheepmeat, set at a level of 17 500 tonnes per year. [*CR*, 5, 27 (15-21 September 1980), pp. 1480-1481) The incident showed, however, that the MTN agreement between Australia and the EC concluded in 1979 had failed to live up to Fraser's hope it would mark 'a beginning and not an end of a process.' The agreement itself fell far short of what the Government had hoped for, covering a modest increase in various categories of meat and access for cheese exports to the Community for the first time since British accession. [CPD [HR], vol. 114, 29 May 1979, p. 2564] Even worse, Australia soon raised objections that the EC was not honouring its commitments to allow increases in levy-free imports of Australian manufacturing grade frozen beef. [*Australian*, 15 September 1980, p. 1] The experience of the Tokyo Round and the introduction of a sheepmeat regime signalled to the Australian Government that not only was the Community refusing to take negotiations seriously, but that they were not above 'welching on their undertaking'. [Anthony 1980, p. 3]

Despite the unsatisfactory outcome of the Tokyo Round, its conclusion enabled Fraser to propose regular ministerial consultations with the Community. The consultations, the first of which took place in 1980, were firmly institutionalised and diplomatic exchanges between the two sides upgraded. When in February 1982 Gaston Thorn visited Australia — the first and so far the only Commission President to have done so — he attended the official opening in Canberra of the office of the Delegation of the Commission of the European Communities to Australia, an event which Fraser described as a 'landmark in Australian-Community relations.' [*CR*, 7, 8 (22-28 February 1982), p. 181] There was, however, little evidence of the 'better understanding' between the two parties Fraser alluded to in his speech at the Delegation opening. Three weeks prior to this the Commission had given

notice that, in accordance with GATT procedures, it would unbind tariffs on Australian exports worth A$30 million in retaliation for Australian quota restrictions on cars and footwear which had been introduced as emergency measures in 1974-75 but never repealed. The Commission did not follow through with its threat when Australia agreed to tariff concessions on a range of Community exports. [GATT, *GATT Activities in 1982*, 1983, p. 71] However, within days of the resolution of this dispute Australia joined other sugar exporting countries in a complaint to GATT about the Community's sugar export subsidies. [*AFAR* 53, 4 (1982), p. 202]. Anthony claimed that Australia had been driven to make the complaint because the EC had 'cynically exploited every procedural device and technicality' to ignore GATT findings from an earlier action brought by Australia and Brazil on the same matter. [ibid.]

In a speech to the National Press Club in Canberra Thorn appealed for greater cooperation between Australia and the Community in order better to combat what he depicted as 'the most serious crisis since World War II.' [Thorn 1982, p. 7] He broached the possibility of major international instability resulting from high unemployment in developed countries, increased tensions between East and West, and conflict between North and South in the global economy. He urged Australia to put aside its narrow focus on trade disputes: 'Now honestly, is this the moment for all of us, for Australia, for Europe too, with all that binds us together, as friends, as allies, to start tearing one another to pieces just because we, on both sides, may have different approaches to world trade rules.' [ibid.] Thorn's appeal to Australia and the EC's common democratic heritage and shared desire for world peace was regarded by one editorial commentary as a lame ploy to deflect criticism of the CAP: 'it is a little irritating that the commission's president, Mr Gaston Thorn, should use his long-arranged official visit to Australia to promulgate the spectre of war in Western Europe in order to choke off antipodean indignation at continued protectionism.' [*Canberra Times*, 1 March 1982, p. 2]

Thorn in fact devoted most of his speech to a defence of the CAP. [for a summary see Burnett 1982, pp. 154-155] His points were little more than a restatement of what had consistently been the Commission's main counterarguments to the Fraser Government's demands for a reassessment of the Community's agricultural policies. He turned first of all to the CAP's effects on Australia. He acknowledged that Australia's agricultural exports to the Community had experienced a decline since British accession, but insisted this should be attributed not to 'the wickedness of the Community's agricultural policy', but to the phasing out of Commonwealth preferences. Australia's total exports to the Community had in fact doubled in the 1970s, the highest-performing products being coal, lead and wool. At the same time Australia had succeeded in finding new markets for its agricultural exports in Asia and the Middle East. Thorn therefore depicted Australia's trade performance in the 1970s as a difficult but ultimately successful adjustment to new trading patterns: 'No patterns of trade can be chosen indefinitely', he said. 'But with Australia's resourcefulness you made up on the swings what you lost on the roundabout.' [Thorn 1982, p. 3] To back up his claims, the Commission produced a statistical analysis which showed that since 1975 Australian exports to the Community had increased from A$1.43 billion to a high of A$2.67 billion in 1979-80. [CEC 1982, p. 12]

Thorn then countered more general criticisms about the external effects of the CAP's export restitution payments. He emphasised to his audience that the operation of the CAP was in conformity with GATT regulations, which permit export subsidies in agriculture provided they do not result in an inequitable share of world markets. Thorn implied that Australia should not single out the Community for being protectionist since 'all the industrialised countries protect and subsidise their farmers to a greater or lesser degree.' [Thorn 1982, p. 4] The CAP was not designed to 'conquer foreign markets', but rather to guarantee the incomes of the Community's eight million farmers. [ibid., p. 3] He conceded that the CAP could be reformed, but emphasised that this was well under way. He pinpointed the unconditionality and level of price guarantees as being priorities for reform, affirming that 'we are determined both to control the growth of expenditure and to make our farmers more aware of the

realities of the market.' [ibid., p. 5] As proof of the Community's 'liberal credentials' Thorn cited its low tariffs on manufactured imports, in comparison to which Australia was clearly protectionist. [ibid., p. 6] He warned, however, that CAP reform would have to proceed slowly and with careful consideration of its social consequences, given the high levels of unemployment and economic uncertainty prevailing in Europe. He also made it clear that the CAP's basic principles would remain in place and that it would be counterproductive for Australia to insist on changing them. [*BRW* 6 March 1982, p. 12]

Thorn's visit, and the GATT disputes which overshadowed it, demonstrated that the Australian Government and the EC had failed once again to reach an understanding. The 'communications gap' between the two sides [*BRW* 6 March 1982, p. 12] was demonstrated by the fact that on the Australian side Thorn was accused of hypocrisy for preaching reform of the CAP while at the same time having proposed average agricultural price increases of nine per cent to the Council of Ministers; yet on his side Thorn insisted that the price increases were modest ones and that on his return to Brussels 'I will have to face demonstrations of thousands of people living on agriculture who think it is quite insufficient.' [p. 15] In his National Press Club speech Thorn appealed for both sides to 'work together' to make the GATT Ministerial Conference scheduled for November that year a success. As the date of the conference neared, however, it became clear that the positions of Australia and the EC were irreconcilable. Anthony warned the Community that the '"Alice in Wonderland" situation' of high support prices could not continue and that it 'cannot go on deferring reform of the CAP indefinitely.' [*CR*, 7, 20 (17-23 May 1982), p. 619) He made it clear that the Australian Government wanted firm commitments from the GATT ministerial meeting on reforming agricultural support prices.

In an uncompromising speech at the launch of the ministerial meeting Anthony blamed the protectionist and trade-distorting policies of 'the highest cost producers' for the 'crisis [which] confronts us in agriculture.' [*AFAR* 53, 11 (November 1982), p. 744] He warned that 'if all that is

achievable collectively out of this meeting is more of the same — a further series of work programs on the critical issues now dominating world trade — . . . then I, for one, cannot subscribe to it.' [ibid., p. 745] However, on the same day the EC negotiator, Sir Roy Denman, stated that the Community was 'not prepared to accept limits on export subsidies.' [*AFR* 25 November 1982, p. 3] As Thorn had made clear in his Canberra speech, the Community did not believe its restitution payments had led to its farm products capturing an inequitable share of the world market. The Community had not shifted from its position in the Tokyo Round that the special nature of agriculture made its inclusion in the GATT inappropriate and that the CAP was not negotiable.

The ministerial talks failed to resolve the two positions and, true to his warning, Anthony refused to sign the conference's final communique. He left the meeting before its conclusion, labelling it a fiasco and blaming the Community for the result. [*Australian*, 29 November 1982, p. 1] The Australian Government then issued a formal statement dissociating itself from the communique and condemning its wording as 'vague, ambiguous and shrink[ing] from firm commitments.' [*FT*, 30 November 1982, p. 1.] The EC assented to the document, including the agreement to establish a working committee on trade in agriculture which would have the task of recommending action on liberalisation in agricultural trade. However, it issued a declaration clarifying that its support for the work programme in agriculture 'is on the understanding that this is not a commitment to any new negotiation or obligation in relation to agricultural products.' [*Bull. EC*, 11-1982, p. 94, point 3.4.2] In contrast to Anthony's dire warnings of a repeat of the 1930s, the Commission declared itself satisfied with the outcome, describing Australia's objectives as 'over-ambitious'. [ibid., p. 7, point 1.1.1] While headlines in Australian newspapers echoed Anthony's predictions of an EC-US trade war and the spread of a protectionist twilight over the world, European commentators made a less alarmist assessment of the outcome of the GATT meeting. 'It is a setback, not a disaster', judged *The Economist*, which noted that in the past considerable progress had been achieved on the basis of GATT working committee reports. It also acknowledged that consensus among member states on the EC's

stance at the GATT meeting was fragile at best, with a number of countries protesting France's hardline stance on agriculture. [*Economist*, 4 December 1982, p. 75; see also *FT*, 30 November 1982, p. 16]

Anthony had explained that his Government had been pursuing two strategies to exert pressure on the EC: the first was to conduct direct bilateral negotiations with the Community, while the second involved 'efforts to build international consensus on the need to oppose the EC's agricultural policies.' [*CR*, 7, 20 (17-23 May 1982), p. 619] By the end of November 1982 both these strategies for CAP reform had failed. The Community had rejected Australian demands for bilateral negotiations on agriculture in 1977 and 1978, and in 1979 and 1982 had refused to make the CAP a subject for multilateral negotiations. Faced with the defeat of both his strategies, Anthony seemed resolved to bypass the Community altogether. Australian officials reportedly canvassed the possibility of a preferential trading agreement involving Pacific Rim countries, particularly in the area of agriculture. [*Australian* 30 November 1982, p. 1] Australia and New Zealand were understood together to have discussed such an initiative with Chile during the GATT ministerial conference, [*FT*, 27 November 1982, p. 1] while even before the commencement of the meeting Fraser approached Singapore and the US about greater regional cooperation. (*BRW*, 17 November 1982, pp. 21-22] Closer regional ties had always been regarded as a possible response to the loss of Australia's traditional trading relationship with Britain — in fact, Fraser had responded to the announcement of the terms of British accession in 1971 with the suggestion that 'we should consider establishing a Pacific trading partnership' with countries including Japan and the US. [*SMH*, 25 June 1971, p. 1] However, until the failure of the GATT Ministerial Conference the Government had not seriously pursued options for a Pacific trade organisation.

The search for a new Government strategy towards the EC did not proceed far before the Liberal-National coalition lost office in 1983. During its time in opposition, the Labor Party had been a

vocal critic of the Fraser Government's 'hectoring manner' towards the EC. [*CR*, 3, 14 (10-16 April 1978), p. 391] Once in power the Labor Party continued to maintain that a more diplomatic, less strident approach would yield better results, as Primary Industry Minister John Kerin asserted: '[w]hereas in government the Opposition felt that the best approach to the EEC was to kick it in the shins at every chance possible, we believe that the conduct of international relations should not descend to the level of abuse.' Kerin hastened to add, however, that his Government was just as committed to the goal of CAP reform as its predecessor: 'we are pushing just as hard as Opposition members did in terms of factual content in trying to substantiate the deplorable effect that the CAP is having on agricultural producers.' [CPD (HR), vol. 144, 16 October 1985, p. 2156] Kerin could point to an early victory of his Government as proof that its new approach to Australia-EC relations had already borne fruit. In February 1985 Frans Andriessen, the Agricultural Commissioner, gave a commitment to Australia that the EC 'would refrain, in the present or foreseeable circumstances, from applying export refunds or from introducing arrangements for sales out of intervention stocks at special conditions for exports to countries in East Asia to which the Community does not at present apply export subsidies and to which Australia, in recent years, has had substantial beef exports.' [*CR*, 10, 5 (4-10 February 1985), p. 95]

There were, in fact, other subtle shifts in the new Government's policy towards the EC, despite the continued priority it gave to CAP reform. The Prime Minister, Bob Hawke, outlined these policy changes during his first trip to Europe in 1985 in a speech to the Centre for European Policy Studies in Brussels. Firstly, Hawke confirmed that his Government would not be returning to 'the acrimonious debate' of the past, although it was resolved to pursue reforms to global agricultural trade, particularly for the commodities sugar and beef. [ibid., p. 99] Secondly, unlike past Australian prime ministers, he did not pay tribute to the shared heritage and traditions of Australia and Europe, but instead portrayed Australia as having come of age in the Asia-Pacific community and freed itself of the old ties of the past: 'We no longer see ourselves as a distant outpost of Europe.' [ibid., p. 97] He implied too, that the

EC should view Australia in this new light: 'Increasingly, the partnership between Australia and the Community will be seen, from Europe, as a link not just to Australia but to the entire Western Pacific region; to another great Community.' [ibid., p. 100] Australia was part of the most dynamic region in the world and, in Hawke's estimation, was already playing a significant role in promoting closer regional cooperation.

Thirdly, Hawke surveyed recent domestic economic reforms which he hoped would open up a new chapter in Australia-EC relations. His Government aimed to internationalise the Australian economy and encourage industry restructuring, a policy which had been dramatically launched by its decision in December 1983 to float the Australian dollar and remove all exchange controls. [for details see Kelly 1994, ch. 5] Perhaps the reform of most immediate interest to a European audience, and the one Hawke emphasised in his speech, was his Government's commitment to lower, albeit gradually, the protectionist barriers which had for so long been the subject of complaints from the Community. By 1985, the Government had removed quotas on steel imports and announced plans for the phased removal of quotas on automobile imports. [For a discussion on Australian reforms see Garnaut 1989, p. 209] Another important change likely to affect relations with the EU was Australia's reorientation towards manufactured exports. Unlike the Fraser Government, which had largely concentrated on Australia's role as the supplier of agricultural produce and raw minerals to the EC, Hawke acknowledged that 'our two-way trade in manufactures offer many untapped possibilities.' [*CR*, 10, 5 (4-10 February 1985), p. 100]

Despite the new possibilities Hawke envisaged, and the new tone in the relationship he favoured, the Government soon plunged into its own European crisis. In 1985 and 1986 it was under pressure from a number of sources: domestically the Government faced a worsening balance of payments problem [Stutchbury 1990, pp. 58-65] and a concerted challenge from the farming lobby, which demanded action to combat a deepening rural crisis caused by falling world commodity prices

and rising domestic interest rates. [Gallagher 1988, p. 4] Internationally, Australia was under threat from the prospect of a US-EC trade war after the launching of the Export Enhancement Program (EEP), the Reagan Government's fighting fund for its own farmers as a counter to EC subsidies. [*AFR*, 15 April 1986, p. 6] In response the Australian Government sought to guarantee that agriculture would be included in any new round of GATT negotiations, in the belief that the only viable solution to Australia's looming agricultural crisis was a multilateral one. As one of the first shots in this campaign the Government funded and published the first thorough and wide-ranging study by the Bureau of Agricultural Economics on the domestic and external costs of the CAP. The report calculated that the CAP was costing Australia $1 billion per year in lost export opportunities, and it also contained a detailed analysis of the burdens placed on European consumers. [BAE 1985] In association with the National Farmers' Federation (formerly the AFF), the Government began distributing copies of the BAE report in Europe in an attempt to promote awareness among European consumers about the cost of farm subsidies. In March 1986 the Trade Minister, John Dawkins, took a further step in the campaign by appointing a Special Trade Representative in Europe whose brief was to mount a campaign for CAP reform in the EC member states. [*CR*, 11, 8 (3-9 March 1986), p. 295] Shortly after the appointment was announced the Commission cancelled ministerial consultations which had been scheduled for April that year. A spokesman for the Commission explained that in the assessment of the External Affairs Commissioner, Willy de Clercq, 'conditions are not ripe for the consultations to have a positive outcome; they will take place at a later date, when it is possible to hold them in a "constructive frame of mind".' [*Agence Europe*, no. 4282, 17/18 March 1986, p. 7] The Australian Government reportedly considered retaliation by cancelling a trip to Brussels planned by Prime Minister Hawke, [*AFR*, 18 March 1986, p. 5] but eventually decided against escalating the situation.

In April 1986 Bob Hawke made his scheduled visit to Brussels to consult with Commission President Jacques Delors. Like Fraser, who undertook a similar journey in June 1978, Hawke had the task of restoring dialogue between the two sides. Hawke claimed subsequently that his personal

intercession had indeed paid off: the ministerial consultations were restored and extended to new areas for discussion, the Commission confirmed the 'Andriessen Assurance' on beef, and the two sides agreed to talks on an outstanding beef dispute. [CPD (HR), vol. 148, 30 April 1986, pp. 2744-2745] In fact, Hawke had done little more than to repair the damage his Government had caused in the previous months. As the *AFR* commented, the results Hawke claimed for himself 'amounted . . . to little new. In fact, Mr Hawke emerged from the Brussels meeting with about the minimum acceptable package with the slight bonus of signs of smoother relations.' [24 April 1986, p. 3] Hawke's claims of a personal victory also ignored the fact that since the new Commission led by Jacques Delors had taken office in 1985 it had made a concerted effort to constrain the ballooning costs of the CAP and gain acceptance of the need for reform. Following up initiatives to introduce milk quotas in 1984, the Commission forced through price cuts to cereals in 1985 despite strenuous opposition from Germany, and produced a green paper on agricultural reform which broached 'courageous' proposals such as price adjustments and direct income support for farmers. [Tracy 1989, pp. 307-308]

Phase 3. 1986-1993: Multilateral Negotiations

It was not Hawke's modest efforts as peacemaker which restored Australia-EC relations, but rather a mixture of the EC's need to reform the CAP and the launch of the Uruguay Round in Punta del Este in September 1986. The inclusion of agriculture in the ministerial declaration at Punta del Este was interpreted — at least by the Hawke Government — as a triumph for Australian diplomacy. In the lead-up to Punta del Este Australia had pursued the tactic of forming a coalition of countries in favour of agricultural reform. In 1983 Hawke had proposed a meeting of Pacific leaders to discuss support for a new round of GATT and the liberalisation of regional agricultural trade. He urged the development of 'a regional perspective' which would promote regional growth and trade liberalisation. [*AFAR* 54, 1 (November 1983), p. 691] In 1986 the Government went further, and organised a meeting of so-called agricultural fair trading countries which had been active supporters of the inclusion of agriculture in the new GATT Round. The fair traders met for the first time in Cairns in August 1986. They issued a

declaration affirming their commitment 'to seek the removal of market access barriers, substantial reductions of agricultural subsidies and the elimination, within an agreed period, of subsidies affecting agricultural trade.' [Ministerial Meeting of Fair Traders in Agriculture, August 1986] The Cairns meeting was the beginning of a coordinated approach to GATT negotiations on the part of the fair-trading nations, which collectively represented one-quarter of world agricultural trade and which, although a diverse grouping, were united by the fact that for each of them agricultural products represented an above-average share of total exports. [Tyers 1994, pp. 90-91] The Cairns Group met regularly to discuss negotiating tactics and GATT submissions. Australia provided leadership of the Group as its official chair, and established a secretariat within its Department of Foreign Affairs and Trade to assist in its administration. Dawkins believed that the Punta del Este meeting marked the emergence of a 'third force' on the international scene: '[f]or the first time, smaller agricultural exporters as a group became an effective voice in the negotiations.' [CPD (HR), vol. 151, 10 October 1986, p. 1892] The Cairns Group launched a new phase in Australian-EC relations in which Australia attempted to use the strategy of middle-power coalition-building to bring about CAP reform. Hawke later described his Government's 'conceptual thrust' as being 'that force of argument and coalition-building among countries of the region could, over time, help to bring about a freer multilateral trading environment.' [Hawke 1994, p. 233; see also Higgott & Cooper 1990]

As Australia and the EC had finally come to an agreement on the inclusion of agriculture in the new GATT Round, the ministerial consultations which went ahead in November 1986 were conducted in a cordial atmosphere. De Clercq was able to declare to Australian reporters that 'our relations have sailed into smoother waters. Some unhappy episodes have been forgotten, some misunderstandings cleared up.' [de Clercq 1986, pp. 9-10] De Clercq outlined the Commission's reforms to the CAP, but his speech also contained a number of subtle warnings: he cautioned that too much could not be expected from CAP reform since 'you do not turn a super tanker around just like that' and that over-production was not a problem which could be laid simply at the Community's door. [1986, pp. 8-9] A

cooperation agreement on the exchange of information in the areas of science and technology was signed, the first in a series of new generation agreements seeking to broaden Australia-EC cooperation. Subsequent ministerial consultations in the 1980s and early 1990s discussed and implemented cooperation in the fields of energy, the environment, inter-firm links and industry, development assistance and foreign policy.

Despite attempts to broaden areas of cooperation, Australia-EC relations remained tied to the uncertain progress of the Uruguay Round. The difference between the two sides became clear in 1987 when the parties to the GATT tabled their initial negotiating positions. The Cairns Group submitted a set of proposals which were similar to but more conciliatory than the US submission, which included a demand for the phasing out of agricultural subsidies within a five-year period. [Stewart 1993, p. 172] Instead of this uncompromising 'zero option', the Cairns Group proposed a gradual reduction in export subsidies in three stages, with the ultimate goal of their elimination. The Group also advocated a reduction in the level of domestic support, both in aggregate terms and with respect to individual commodities. [ibid., p. 183] The Group's proposals, however, were far removed from those of the Community, which had made it clear at Punta del Este that it continued to view agriculture as an area with 'specific features and problems' and that it would 'ensure that the negotiations do not place in question the fundamental aims and mechanisms of its own agricultural policy.' [*EC Bull.* 9-1986, p. 14, point 1.4.2] In accordance with its commitment to the principles of the CAP, the EC's negotiating position was to oppose firm targets for the reduction of export subsidies and tariffs. It also opposed binding reductions on specific products, arguing that individual countries should retain the flexibility of determining how to meet aggregate targets. [Stewart 1993, p. 179]

The Uruguay Round made little progress and the Montreal mid-term review concluded in December 1988 without agreement. The Cairns Group's final comprehensive proposal on agriculture, submitted in 1989, did make a number of crucial concessions to EC demands. Unlike the US, it did not

demand the phasing out of export subsidies within five years, although it supported the principle of the phasing out of such subsidies and suggested a ten-year timetable for their removal. [Tyers 1994, p. 100] However, negotiations between the EC and the US stalled, and the Uruguay Round reached its closing session in December 1990 without a final agreement having been reached. In a speech at the closing session Neal Blewett, Australia's Minister for Trade, lay the blame squarely at the feet of the Community: '[t]he blame . . . must rest with the European Community. Its offer on agriculture is seriously inadequate and its approach to the negotiations has been characterized by indifference and inflexibility.' [*AFA&T*, 61, 2 (December 1990), p. 848]

Continued uncertainty about the resolution of the GATT Round rebounded on the Australia-EC relationship in a number of ways. To begin, perceived EC intransigence and selfishness in the agricultural negotiations merely confirmed existing Australian prejudices about an organisation which an Opposition MP likened to 'a lady of the night in Kings Cross insofar as world trade is concerned — a person prepared to sell her wares anywhere, at any time, at any prices and under any circumstances.' [CPD (HR), vol. 151, 10 October 1986, p. 1895] As discussions of the EC's role in the Uruguay Round highlight, the EC's negotiating position was complicated by the fact that it was the outcome of a complex 'three-level game' taking place in the arenas of the GATT negotiations, the EC's institutions and the twelve national governments. [see eg. Moyer 1993; Keeler 1996] Despite these drawn-out negotiations, the Commission finally managed to push through CAP reforms which were passed by the Council of Ministers in 1992. However, from the outside the EC simply appeared to lack the will or the desire to reform, and the Australian Government's frustration obviously mounted as the negotiations dragged on. [eg. *MDS*, no. 226, 30 June 1992, p. 8157]

The perception that the EC was clinging blindly to its protectionist ways also coloured the Australian Government's reaction to the Single European Market. The Australian Government's initial instinct was to dismiss the Single Market as peripheral to Australian interests, since its liberalisation

programme did not include agriculture..Even as late as 1989 the Minister for Trade, Michael Duffy, was advocating caution when assessing the potential benefits of the Single Market. He justified his 'sceptical tone' by pointing out that 'Australia has had some bitter experiences of - and paid a high cost for - the only attempt by the community to implement a common agricultural policy.' [*AFA&T*, 60, 4 (April 1989), p. 125] His scepticism was perhaps justified by the fact that the Commission only belatedly addressed concerns by third countries that the Single Market was an attempt to construct a 'Fortress Europe'. [Colchester & Buchan 1990, p. 192] However, by 1990 the liberalising effects of the Single Market were becoming clear to the Australian Government. Duffy's successor as Trade Minister, Neal Blewett, followed the standard line of reserving final judgement on the Single Market, but conceded that 'I can point to factors which suggest deficiencies in our approach' towards Europe. [1990, p. 11] He noted a number of flaws in business responses to the Single Market, such as its continued bias towards trade and investment with Britain, and also admitted that business and government activities could be more 'cohesive.' [ibid.] Blewett's comments expressed concern that Australia had failed to develop an 'insider' strategy in response to Project 1992. He contrasted Australia's tardiness with Japan's proactive bid to compete on equal terms in the Single Market and increase direct investment in the Community. [ibid., p. 10] He suggested there was a need for permanent representation in Brussels of Australian business along the lines of the American Chambers of Commerce. [ibid., p. 12]

Finally, concerns about the outcome of the Uruguay Round led the Government to accelerate its initiatives for closer cooperation in the Asia-Pacific region. In January 1989 Bob Hawke proposed concrete steps towards Asia-Pacific Economic Cooperation (APEC). The founding ministerial meeting of APEC was hosted by the Australian Government in Canberra in November 1989. As well as promoting trade cooperation within the region, the Australian Government hoped APEC would assist the chances of a successful conclusion to the Uruguay Round and provide a viable alternative in case of the failure of multilateral trade negotiations. In this sense, as Foreign Minister Gareth Evans conceded,

APEC was partly 'a warning shot across the bows of the European Community.' [Evans & Grant 1995, pp. 128-129] In his memoirs Hawke argued that the Cairns Group and the APEC initiative 'had the same intellectual thrust . . . The concept at the heart of both Cairns and APEC was the optimisation of each country's economic opportunities by the creation of each country's economic opportunities by the creation of the greatest possible freedom in international trade.' [Hawke 1994, p. 432]

Phase 4. 1994–: Broadening the Relationship

Australia's strategy of multilateral bargaining was a partial success in that the Uruguay Round did come to a satisfactory conclusion in December 1993, with the Government estimating the agreement would boost Australia's farming sector by A$1 billion per year. [DFAT 1994, p. 8] The influence of the Cairns Group as a mediating third force, however, had perhaps not reached the extent to which the Australian Government had hoped. In its final stages the Round developed into a bilateral negotiation between the EC and US, and the Cairns Group had always been too closely aligned with the US position for it to emerge as an independent arbiter. Nevertheless, the conclusion of the Uruguay Round removed an important stumbling block in Australia-Community relations, and for the first time since the Whitlam years it appeared that the negotiating agenda was no longer dominated by agriculture. When Sir Leon Brittan attended the eleventh round of Australia-EU ministerial consultations in Canberra in February 1994 he moved quickly to capitalise on this 'new era'. In an address to the National Press Club he expressed confidence that 'we can put behind us a period of our relations which was, let us be honest, dominated more by disagreements about agricultural trade, than by a recognition that Europe and Australia have deep, common bonds of friendship and broad common interests in most areas of international politics.' [Brittan 1994, p. 2] While in Australia Brittan signed two new agreements, one on wine access and nomenclature, and the second on science and technology cooperation. The agreements, however, were less evidence of a new era in Australia-EU relations than the result of the broadening of the relationship which had been proceeding cautiously since the mid-1980s.

In April 1995 Paul Keating, who had succeeded Bob Hawke as prime minister in December 1991, took a further step in improving Australia-EC relations by formally proposing to the Commission that the two sides negotiate a framework trade and cooperation agreement. [*AFR*, 16 May 1995, p. 2] The Council of Ministers voted to give the Commission the mandate to negotiate such an agreement in April 1996. The Commission envisaged a broad agreement which would be accompanied by a Joint Political Declaration and encompass cooperation in the areas of the environment, development assistance, vocational training and education, culture, competition policy, industry, consumer protection, the information society, transport, energy, employment issues, the fight against drugs and information exchange. The agreement would set up a Joint Committee to oversee cooperative activities and deal with any disputes over the implementation and interpretation of the agreement. [*Agence Europe*, no. 6658, 2 February 1996, p. 7] The parties also considered setting up an early warning mechanism for potential trade disputes. Initial predictions were that negotiations on the contents of the agreement would be finalised by the end of 1996. [Joint Communique 1996]

In proposing a framework agreement Keating envisaged that relations with the EU had the potential to mature beyond a narrow focus beyond agriculture. A more mature relationship had become an urgent issue for the Government in the light of the doubling of Australia's trade deficit with the EU from A$5.6 billion in 1990 to A$11.4 billion in 1995. [DFAT 1996, p. 5] Keating's vision of Australia-EU relations was perhaps not far removed from the one outlined by Hawke ten years previously to the Centre for European Policy Studies. Securely anchored in the Asia-Pacific region and having succeeded in modernising its economy, Australia would be an attractive partner for European countries. Keating portrayed Australia, now an active member of APEC, as a natural springboard for European companies into Asia. With its European past and Asian future, Australia could provide a bridge between West and East, the old and the new. As well as hoping to attract European investment to Australia, Keating anticipated a strengthened partnership between Australia and Europe in the area

of high technology. When in 1995 Keating attended a major information technology trade fair in Hanover, CeBIT, he actively promoted Australia as 'an outward-looking sophisticated manufacturing economy' rather than 'a country whose unique physical characteristics, along with its pastoral and mining industries, have long been its defining characteristics.' [*MDS*, no. 145/94-94, 8 March 1995, p. 5]

On the European side, motives for an agreement were also based on a desire to redefine the relationship between Australia and Europe. Brittan's Communication to the Council of Ministers on the framework agreement viewed an agreement as opportune given the conclusion of the Uruguay Round and Australia's progress on tariff reduction and integration into the global economy. The agreement would consolidate moves over the previous decade to broaden the relationship in areas such as science and technology, the environment, development aid and industry links. The Community also acknowledged that an agreement 'would contribute to balancing the increased attention that Australia is paying to Asia and at the same time further demonstrate the European Community's renewed interest in the Asia-Pacific region.' [CEC 1996, p. 3] The proposed agreement therefore can be seen as part of the Commission's new Asia strategy, in which it openly admitted that the Union needed 'to accord Asia a higher priority than it has done in the past' and move 'from the defensive to the pro-active.' [CEC 1994, p. 13]

Keating was unable to reap the benefits of a revitalisation of Australia-EU relations as his Government lost a general election in March 1996. Under the new Liberal-National Government headed by Prime Minister John Howard (the former Minister for Trade Negotiations), negotiations for a framework agreement have stalled and the two sides seem to have entered a new period of tension. The Howard Government is currently refusing to sign the agreement so long as the Community continues to insist on the inclusion of a human rights clause which the Council of Ministers decided in 1995 should be part of any framework agreement which the Community enters into. [*AFR*, 4 February 1997, p. 13]

The human rights controversy is perhaps unusual in the history of Australia-EU relations in that agriculture is not the central matter in dispute. Nevertheless, some old arguments and fears seem to have reasserted themselves. Like the Fraser Government in the 1970s, the Howard Government appears to be more willing to sacrifice an agreement since does not include better market access for Australian exports or 'offer Australia the progress it sought on agricultural trade and in energy.' [John Howard, CPD (HR), Proof Hansard, 6 February 1997, p. 242] Moreover, residual suspicion of the Community remains strong, and not just confined to Government ranks. Although the Labor Opposition criticises the Government for its failure to sign the framework agreement, it nevertheless sympathises with the problem of negotiating with the Community. As one Labor senator explained: 'As someone who has negotiated on behalf of this nation on matters of trade with the Europeans, I know that one has to be very careful in their case.' [P. Cook, CPD (Senate), Proof Hansard, 11 February 1997, p. 327] As well as reacting with profound scepticism to European offers, the Howard Government appears to have followed in the path of its predecessors by underestimating the institutional complexity of EU decisionmaking. The Foreign Minister, Mr Alexander Downer, remained optimistic about the prospect of EU concessions to Australia, despite the fact that he is battling a policy on which there is agreement in the Council of Ministers and which the European Parliament champions, stating that it will not give its assent to any agreement with Australia which omits the human rights clause. [*Australian*, 25-26 January 1997, p. 6] Indeed, the Australian Minister for Trade, Tim Fischer, revealed an alarming degree of ignorance about the powers of EU institutions when he asserted that any fringe party which gained a majority in the European Parliament could invoke the suspension clause. [interview on 'The Europeans', Radio National, 6 April 1997]

Continuities in Australia-EU relations are therefore not difficult to find, as the period of reconciliation between Australia and the EU launched after the conclusion of the Uruguay Round has become mired in controversy. The overarching theme of the period under discussion is the atmosphere of bitterness and mistrust which the accusation of Britain's betrayal, first levelled by Doug Anthony in

1971, left in Australia and which the EC's later intransigence over agriculture only seemed to confirm. The failure of the EC to respond to Australia's complaints about the CAP was therefore interpreted as being a deliberate policy of great-power arrogance in the international trading system. The EC became typecast, in the words of Malcolm Fraser, as 'a narrow, self-interested trading group, seeking to make the rest of the world dance to their tune.' [*CR*, 3, 14 (10-16 April 1978, p. 383] The longevity of Australia's sense of injustice was demonstrated in 1992 when Prime Minister Keating revived the accusation that Britain had 'walked out' on Australia when it joined the Community in 1973. [CPD(HR), Weekly Hansard no. 1, 27 February 1992, p. 373] Other issues promising to herald a new chapter in Australia-EU relations — whether they be uranium, the Single Market, or a framework agreement for trade and cooperation — have failed to overcome this legacy of suspicion and the centrality of the CAP.

Nevertheless, despite the continuities in the Australia-EU relationship since 1970, it must be cautioned that the depiction of overall policy failure and lack of progress can be overstated. Australia's intemperate outburst about the terms of British accession in 1971 gave way to a more pragmatic response according to which Australia attempted to use its resources boom as a bargaining chip with Europe. Although the decade 1976-1986 was marked by successive crises in the relationship, the Hawke Government made a serious attempt to replace bilateral altercations with more productive multilateral bargaining, in the form of the Cairns Group and regional cooperation. Both Hawke and Keating pursued the vision of a modern, competitive Australian economy which would be able to trade with Europe on new terms. When Keating proposed a framework agreement in 1995 he did so as part of an attempt to break with Australia's past as a country dependent on unprocessed rural exports.

The history of Australia-EU relations since 1970 has some broader implications for studies into the external effects of the CAP. Firstly, the policy dilemmas faced by successive Australian Governments demonstrate the difficulties in negotiating with an organisation characterised by multiple

levels of bargaining. Australian Governments were clearly undecided about whether their main focus should be on strengthening ties with the Commission, negotiating on a bilateral basis with member governments, or even intervening directly in public debates in individual member states. Secondly, 'multi-level governance' [Marks, Hooghe & Blank, 1996] posed real problems for the Community in its external relations. The Commission consistently promised Australia substantial reforms to the CAP which were then inevitably watered down in the Council of Ministers. Internal bargaining in the Uruguay Round became so intense and time-consuming that onlookers such as Australia were forced to conclude that the Community was not serious about reforms to world trade. Finally, the fact that the EC could have so many problems in fostering good ties with a 'natural partner' [EP 1979, p. 7] such as Australia demonstrated the way in which the CAP has for so long dominated the EC's external relations. The Community has tended to underestimate the damage caused by the CAP, for example in its belated response in assuaging fears that the Single Market would develop into a 'Fortress Europe' just as a common market in agriculture had excluded third countries. Even so, the conclusion cannot be escaped that the Australian Government could have done a lot more to assuage these problems, not least during the critical decade of 1976-1986.

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