

GRS 500
UNCLASSIFIED

FM CANBERRA

TO IMMEDIATE FCO

TELNO 255

OF 180630Z APRIL 86

AND TO IMMEDIATE WASHINGTON, MAFF, DTI, UKREP BRUSSELS

MAFF (FOR ERD)

MR HAWKE'S TALKS IN WASHINGTON ON AGRICULTURAL COMMODITIES:
AUSTRALIAN PRESS REPORTING

1. THE GENERAL TONE OF REPORTING IN TODAY'S (18 APRIL) PRESS ON MR HAWKE'S TALKS WITH RICHARD LYNG, SECRETARY FOR AGRICULTURE, DOES LITTLE TO INDICATE OPTIMISM THAT ANY MAJOR TANGIBLE CONCESSIONS TO BENEFIT AUSTRALIAN FARMERS WILL BE FORTHCOMING FROM THE US.
2. UNDER THE HEADING "WORLD MUST ACCEPT FALLING RURAL PRICES, US TELLS HAWKE", "THE AUSTRALIAN" SAYS THAT MR HAWKE WAS GIVEN THE BLUNT MESSAGE THAT THE WORLD WOULD HAVE TO LIVE WITH THE FACT THAT THE PRINCIPAL EFFECT OF THE GROWING AGRICULTURAL TRADE WAR BETWEEN THE US AND EC WOULD BE A MAJOR CUT IN COMMODITY PRICES, PARTICULARLY GRAIN CROPS. THE PAPER ADDS THAT MR LYNG'S WARNING OF INCREASING CALLS IN THE US FOR IMPORT PROTECTION FOR AMERICAN FARMERS COMES AT A BAD TIME FOR THE AUSTRALIAN RURAL SECTOR AND THAT THE INCREASINGLY BLEAK PICTURE EMERGING FOR THIS SECTOR PUTS THE GOVERNMENT'S POLITICAL PROBLEMS WITH AN INCREASINGLY MILITANT AND POLITICAL FARM SECTOR INTO SHARPER FOCUS.
3. THE PAPERS RELAY MR LYNG'S ASSURANCE THAT THE US WAS SUPER SENSITIVE TO AUSTRALIAN INTERESTS, HOWEVER THE FINANCIAL REVIEW POINTS OUT THAT AUSTRALIAN OFFICIALS SEE LITTLE CHANCE OF OBTAINING FURTHER SUBSTANTIAL CHANGES TO THE FARM BILL ITSELF - ONLY IN THE WAY IT IS ADMINISTERED THAT IS WHICH MARKETS IT WILL HIT AND TO WHAT EXTENT. THE SYDNEY MORNING HERALD REPORTS MR HAWKE'S CONCERN THAT THE EC, FINDING ITSELF DISPLACED IN SOME OF ITS OWN MARKETS BY US BEEF EXPORTS WILL SEEK NEW MARKETS, TEARING UP THE "ANDRIESEN AGREEMENT". THE PAPER SAYS THAT THIS WILL BE A MAJOR POINT IN MR HAWKE'S DISCUSSIONS IN BRUSSELS.

4. THE FINANCIAL REVIEW EXPECTED MR HAWKE TO MAXIMISE ANY ADVANTAGE FLOWING FROM HIS INITIATIVE ON US/LIBYA THOUGH IT EXPECTED THE REAGAN ADMINISTRATION (THOUGH NOT NECESSARILY CONGRESS) TO CONSIDER THE TRADE QUESTION A BROADER STRATEGIC BACKGROUND RATHER THAN THE SPECIFIC ISSUE OF LIBYA. THE PAPER GOES ON TO REPORT THE US INTENTION, AS VOICED BY MR LYNG, TO WORK ENTHUSIASTICALLY WITH AUSTRALIA TO SECURE RULES FOR AGRICULTURAL TRADE IN THE FORTHCOMING MULTILATERAL TRADE NEGOTIATIONS. THE PAPER ADDS THAT IF MR HAWKE CAN OBTAIN A CLEAR PUBLIC SIGNAL FROM HIS TALKS WITH PRESIDENT REAGAN THAT AUSTRALIA WILL BE "LOOKED AFTER", IT WILL BE A SUCCESSFUL END TO A VISIT IN WHICH THE ODDS WERE STACKED AGAINST HIM.

5. SEE WIFT.

LEAHY

FRAME AGRICULTURE

ECD (1)

NAD

SPD