

than has been proposed by Arthur Dunkel? And I was wondering if I could ask you, Mr. Keating, your report of how satisfied you are with Mr. Bush's response both to our EEP submissions and to our concerns that NAFTA could, under some circumstances, develop into an inward-looking trading bloc.

The President. Let me answer. We see some very positive elements in the Dunkel paper. I can't say—we certainly don't want to accept less, if that was your question, and there's some things there that we would like to see improved. But I do think that there's a lot of good work being done there. And we will be working closely with the Europeans to try to get agreement. And I'd leave it right there because I don't want to indicate that we think that we've gotten everything that the United States wants, nor do we think that the Cairns group has gotten everything the Cairns group wants out of the Dunkel paper. All we're saying is it's a good position from which to finalize the agricultural part of trade and the rest of it, too. We've got some difficulties with some parts. Agriculture, we see, has moved fairly well.

The Prime Minister. Could I add to that? I think that the thing which is most comforting to Australia—I think in answering the question, I'll make three points: The first is, it's a matter of great comfort to us that we have an internationalist as President of the United States, someone who has committed himself to an open trading system, multilateral trading system, that resisted protectionist pressures and is committed to seeing the GATT round successfully concluded. And as the President has said, there are elements of the GATT round that can't be—it's a package. Some parts all countries would be more satisfied with than others, but it is a package, and it's a package about round which we believe discussions can take place.

If there is a successful conclusion of the GATT round, many other things will change, and including in that would be, of course, mandatory windbacks under EEP which you asked me about. And the President has agreed this morning that we will have an information exchange on EEP; that is, at least we will know more about the

operation of EEP. And as well as that, we've asked him that where the U.S. is not engaged in sales in markets where the European Commission is engaged in sales, that is, in non-EC markets, would he examine those markets with a view to keeping the subsidization of EEP from them. He can't, obviously, at this point, give a clear commitment on the markets, but he has agreed to look and examine them. And we're very happy about that.

So on the general point, we believe the GATT offers the best opportunity on trade generally, that the Dunkel package is just that, a package, and if adopted would lead to significant improvements in the trade and agriculture, and including the impact on EEP.

Q. Mr. Bush, what do you see as the consequences if Europe does not buy into Dunkel's proposal?

The President. I see that it would be very, very bad if we don't get a successful conclusion to the GATT round. And we have not discussed here in Australia fallback positions. We are not prepared to give up on the successful conclusion of the GATT round. But without trying to predict disaster, I can simply say I think it would be a very bad thing because I think you'd see more protection, more selfishness in the trading system that would inevitably shrink markets and cost countries jobs. And so, we must go forward, and we must try to get a successful conclusion.

I feel more strongly about that since I've had the benefit of several long conversations with this Prime Minister. He's very knowledgeable on these international financial matters and also with the agricultural sector in this country. I really had my—I'm more highly attuned even than I was to the importance of getting this done. So, I don't want to worst-case it, but I can just say that it would be totally unsatisfactory to see that GATT round fail to come to a satisfactory conclusion.

Trading Blocs

Q. Any possibility, sir, of three world trading blocs, as the Prime Minister has discussed?

The President. Well, we don't want any