

PRIME MINISTER'S INTERVIEW WITH KEN BRADDICK OF U.P.I., 12 JANUARY 1976

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QUESTION: You came out the other day in support of development in Diego Garcia. At the moment it's before Congress. Do you want the US to go ahead with it and what can Australia do to either offer some inducement or to become part of Indian Ocean defence?

PRIME MINISTER: This is a very long story in the sense that discussion over Diego Garcia has been going on for many years. I strongly supported it when I was Defence Minister. Also, when I was Defence Minister, I had an understanding with the United States Secretary of State for Defence who was then Mel Laird; and with the British Secretary of State for Defence, that Cockburn Sound when it was properly developed could be used from time to time. We hoped that it would be used and that it would help them in maintaining a balance in the Indian Ocean. At that time we expressed a strong view that Diego Garcia ought to proceed. They expressed the same view again the other day. It is not only necessary for an Indian Ocean balance and to equalise facilities that the Soviet is establishing, but it could under certain circumstances, be fairly important for the resupply of Israel, Middle East strategy. It is also important in helping guarantee the sea lanes and oil supplies that come out of the Middle East. This is of quite critical significance to Japan in particular. It may be of more significance to Japan than it is to us, because they are dependent on Middle East oil. So the facility of Diego Garcia has not just got one reason for being, it has really got many. I understand that certain Senators in the United States want there to be discussions with the Soviet to try and achieve a ceiling on the level of naval activity in the Indian Ocean. Let me only say that their activity would have to come down very, very much indeed to reach the level of the United States' activity. The prospects of the Soviet Union reducing its level of activity, I would have thought are very remote. She's already started to use the Suez Canal as a means of getting elements of the Middle East fleet into the Indian Ocean. There has been a careful and slow build-up of movement of military vessels. For the first several months I don't think there were any, or maybe not more than one or two, military uses of the Suez Canal, but the use of the Canal for military purposes has certainly been significant.

QUESTION: What's your information about the level of Soviet military forces in the Middle East, Persian Gulf, around the Cape, in Angola, off Angola?

PRIME MINISTER: Well I think some of this information doesn't come to us from our sources, so it's not just our information. I therefore don't want to give figures. But it's much more significant than that of the United States.

QUESTION: And offensive?

PRIME MINISTER: In some elements of it, yes, very definitely. But the mere presence of naval ships from the Soviets point of view in the right place and the right time, it can certainly be critical on having an impact on domestic events in one of the Littoral States. In the Angola activity in which the Soviet is, I'm advised quite heavily involved, the appearance of Soviet naval units from their point of view at the right time can be critical in achieving a final solution which suits their purpose. And it ought to be noted that the sea power's very often been used to achieve political ends without firing a shot. During difficult times between Israel and Egypt, the presence of Soviet ships in Alexandria made it quite impossible virtually for Israel to take Alexandria. I don't know if they wanted to or planned to but the danger of hitting a Soviet ship was too great.

QUESTION: Of course one of the greatest confrontations of all time, Cuba.

PRIME MINISTER: Yes, exactly. I don't really think that there was much chance of the Soviet agreeing to a limitation in sailing time. That's being very kind about it. I don't think there's any chance really. It's part of their planned development, as they would believe the largest most powerful navy in the world capable of exercising a dominating role in any ocean of the world. They obviously want to be able to link up the Mediterranean and Vladivostok Pacific fleets. The Indian Ocean and the waterways to the north of us are quite critical to their capacity to do that.

QUESTION: There have been, the South African Government has recently, has been conducting a publicity campaign in New York and Washington suggesting that (inaudible) Nato southern anchor. You mention Cockburn Sound in Australia and Diego Garcia and Simonstown. It would make a lot of sense (inaudible) Indian Ocean along with Bahrain for the U.S. fleet. Would that be in your thinking as to the kind of defence that ought to occur in the Indian Ocean?

PRIME MINISTER: Well South Africa has sometimes suggested this sort of thing. They have not suggested it to me. I don't know how the United States would react

but I don't think Australia has forces that would enable that to take place. Our Navy, because of lack of ordering of vessels, is very much stretched in its own immediate environment. The number of escorts we can keep at sea is going to become quite critical because of the lead times involved.

QUESTION: What can Australia actually offer on the West Coast for Diego Garcia support, because Cockburn Sound, as I understand, it is not developed?

PRIME MINISTER: There is a fair bit been done there but there is still a lot remaining to be done. I don't think the facilities at the moment would really be adequate to do much to assist the United States. This is a matter we will be looking at just as it is out objective to establish a navy with a capacity to survey adequately in the areas that are obviously closer and more immediate interest of Australia. Two oceans - I don't really think the navy has got that capacity at the moment and this is because of the lack of ships.

QUESTION: What do you have in mind for the future of the Navy?

PRIME MINISTER: This is a matter that the Defence Minister has under consideration at the moment. The former Government had ordered two patrol frigates. We had been examining earlier the DDL approach. We do believe the escort capacity of the Navy needs increasing and I have no doubt that the Department of Defence is examining this in the best way we can achieve this objective.

QUESTION: For what sort of a role?

PRIME MINISTER: Well its surveillance, and a country like Australia buying ships has got to buy for a fair degree of multi-purpose capacity. A very large Navy like the United States can much better afford to have specialist ships that are good for one particular purpose. A much smaller navy like Australia's needs ships that not only have an anti-submarine capacity but that have surface capacity as well.

QUESTION: For coastal defence or further ranging?

PRIME MINISTER: The Patrol boats were originally ordered for coastal defences, coastal surveillance. I think the larger ships in the navy, any one of the multiple roles that the navy can sometimes be involved, but you can't point to some particular purpose and say that the ships are there for that

particular purpose. It's like the old question of what do you have defences for. Whereas the enemy have defence forces so that there is never going to be an enemy.

QUESTION: I guess that the point I am really trying to ask is forward defence no longer plays the role it once did.

PRIME MINISTER: It doesn't play the role but there is still part of our defence agreement which even the Labor Government maintained in some form.

QUESTION: (Inaudible) Butterworth. Do you foresee that continuing indefinitely?

PRIME MINISTER: There have been no proposals to withdraw them.

QUESTION: Any expansion that you can see?

PRIME MINISTER: I would not have thought there would be any expansion in the Air Force there, no:

QUESTION: What about any other kind of ground elements or naval?

PRIME MINISTER: I don't think you turn the clock back in that sort of way, but all I am pointing out is that the arrangement still exists. Under the Labor Government the arrangement was continued and while it was saying it is continental defence alone Australians have got to have in mind the security of Australia doesn't just depend on what happens within the shores of Australia. Events outside that can affect us, can have implications for us.

QUESTION: Another aspect of defence forces I've read that you are going to have to find a replacement for fighters, mirages and also I think for trainers too.

PRIME MINISTER: Always at some stage in the future you have got to have replacements for these things but I would have thought the Macchier. You know I don't want to be too precise or too definitive in some of these elements because I haven't had a report from Mr Killen yet on the state of the defences which I know he is preparing for the Government to examine.

QUESTION: There is one aspect of this fighter aircraft simply because there have been so many people offered planes.

PRIME MINISTER: But there always are. There were in my time. They come round quite regularly every six months and sometimes every three months.

QUESTION: Are you interested in any particular aircraft or have some kind of arrangement where it could be partially built, assembled in Australia?

PRIME MINISTER: Well an arrangement that could enable aircraft to be partially built in Australia would certainly be one much better than one in which all had to be bought overseas and this applied to the Macchie, it applied to the Mirage, it applied to the Amen Sailors. There is not significant elements of construction in Australia.

QUESTION: But not to the F111?

PRIME MINISTER: Oh, there were only 24 of them and that was a much more highly specialized operation. There were other arrangements that I had negotiated in earlier times about the construction of helicopters here which would have given the Australian aircraft industry a reasonably continuous work load but the Labor Government virtually cancelled the programme.

QUESTION: Are you still interested in that sort of a project?

PRIME MINISTER: Again you can't revive the past. The arrangement was that they built a large number of aircraft and helicopters. The company concerned would accept the obligation either to get the commercial ones sold in Australia or somewhere in the world, and part of the price of this was the defence forces would take a certain number of these aircraft. Well the previous Government collapsed the defence order and that virtually collapsed the whole deal. The number that were ultimately taken by the defence force was very much less. We do need an aircraft industry. If you are going to be able to maintain and keep your own aircraft going, you need to have a capacity in Australia. So it's not just a question of buying aircraft overseas. If you had two equal aircraft the company that was prepared to go much more significantly into local construction offsetting arrangements would obviously be presenting us with a much more attractive arrangement than others. You should not draw implications from this. Mr Killen will be bringing these matters up in proper time and in proper order and the fact that you get aircraft salesmen around the state, around the place trying to sell the produce - well it's just part of their business and it's a pretty regular process.

QUESTION: (Inaudible) and United Nations Secretary-General Kurt Waldheim visiting the region over Timor.

PRIME MINISTER: Well I rather thought that he was due to come out here anyway, but he is visiting Australia. I think that the arrangement for him to come here was one that preceded the events in Timor.

QUESTION: But his arrival here gives you at least the chance to talk about Timor.

PRIME MINISTER: It gives us the chance to talk about a lot of things, yes.

QUESTION: Timor is of particular interest to Australia. Is there anything at all that Australia can or should do in Timor?

PRIME MINISTER: I don't think we can do much more than Mr Peacock has indicated in the various statements he has made. Those statements have been quite forthright. The real time for action in relation to Timor was 12-15 months ago when administration in Portugal had started to disintegrate. It started to become plain that Portugal was losing interest in overseeing the decolonisation process in the proper manner. Had this been undertaken earlier enough action in the United Nations or some sort of regional approach... would have had a much better chance of success.

QUESTION: You think that day has passed?

PRIME MINISTER: Well that day certainly has passed and options are now much less obvious.

QUESTION: Do you see anything that might provide a solution - bloodless or as bloodless as possible?

PRIME MINISTER: There has already been a good deal of blood spilt so in part that question is based on a possibility that is no longer real. Australia will go on pressing the point of view that Mr Peacock has expressed on behalf of the Government. He has maintained close contact with me on these matters throughout but beyond that it is difficult to see what Australia can do.

QUESTION: Well there is a lot of oil and gas in the ground and Labor had a policy which didn't exactly provide any incentive for anybody to do anything about it or to invest in it, what are you going to do about it? Do you want foreign investment and what restrictions are you going to put on it?

PRIME MINISTER: We want foreign investment most certainly. We want to get major development projects operating and moving forward and we want this to happen as rapidly as possible. Our objective is to get 50 percent Australian equity in major new developments. We also recognise that in a number of places because of the amount of funds involved this is probably not going to be possible. Where it's not possible and this is putting a fairly comprehensive policy in the briefest terms, projects will be referred to the Foreign Investment Review Board which will examine against publicly stated criteria whether or not it is in Australia's nation interest for a certain project to go ahead even though the level of Australian equity might well be less than would be desired but if there is a project that is in our interest and if overseas corporations have genuinely sought to get Australian capital to participate, and have not been able to, the question then remains: should the project be prevented from going ahead or should we allow it to go ahead? If against publicly known and stated criteria which is in our own foreign investment policy, which now in Government will be further elaborated and refined, we believe it to be in the national interest - well, then, we would want it to go ahead. This is against the background that we want foreign investment and we want major development in Australia to begin again. The previous Government seemed to be much more concerned with cutting up Australian resources or much more concerned with using Australian resources than building and developing Australian resources and we are just not going to have the funds to enable people to lead the sort of lives they want to lead, provide the sort of schools they want, and to provide the sort of welfare services that people believe ought to be available in a modern Australia unless the real wealth of Australia is also developed.

QUESTION: There is a lot of oil and gas that has not been developed. I may be incorrect, but, just as a basic principle, I thought the Labor policy was that this should be used for Australia, no real regard given to export of this even if it meant obviously better prices that could lead to faster development. Will you allow development as a general policy of major resources such as, particularly oil, and gas, where at least a large part of it would be exported?

PRIME MINISTER: If export permits will help to get a developmental project off the ground that certainly is an advantage and something we would consider and in cases we would allow it. If it is a question of oil, well we still don't produce all our own needs, that might be a different matter. But if there were discoveries so great that we not only had enough for our own

needs but also significant amounts in addition, then we would have to fact up to the question of export. Our natural gas supplies seem to be enormous, and the export of natural gas would seem to provide a possibility for getting developments underway where otherwise getting the thing moving might be difficult. In many of these instances we would have to make the judgement on a case by case approach but again our judgements in relation to foreign investment matters of this kind will be against publicly known and stated principles by which we will judge Australia's national interest and we want to establish the circumstances in which corporations will know where they stand with the Australian Government - that there are not going to be a series of ad hoc secret deals behind closed doors with nobody really knowing what's happening and what rules are being applied because I don't think that encourages investment or confidence in what you are doing.

QUESTION: The automobile industry here doesn't seem to be in very good shape. There have been discussions about whether the Government should do something whether Japanese investors should do something, what is going to be the policy or have you already decided what will be the policy of this Government in general.

PRIME MINISTER: Well it's a fairly complex matter that involves not only local producers. It involves subsidiary suppliers. It involves importers. It involves overseas manufacturers. It involves Japan and it is not a matter you can sort out in a day or a week but I know that Senator Cotton is treating it as a matter of high priority because the industry got plunged into difficulties for two reasons: the changes from 1971-72 plan and downgrading of the content which leads us to doubt as to whether local skins are going to go on being produced, for example, as the Labor plan continues. The other difficulties occur because of the currency devaluation, the tariff cuts and inflation which for a while make imports so much more attractive than many Australian products and that then led of course to import quotas and a continuing difficult situation for Australian producers. Now this is the sort of legacy we are left with, and that we have to sort out as soon as possible to establish guidelines so that industry knows where it is going. Our objective will be to have a plan for the industry which provides encouragement, security, continuity.

QUESTION: Protection perhaps?



PRIME MINISTER: There is already protection and quotas in addition.

QUESTION: Well I ask this because being a private enterprise economy if they can't make it wouldn't it be better to let them go down?

PRIME MINISTER: What does that apply to? Does it apply to everything we produce?

QUESTION: I'm asking a question. I don't know what it applies to.

PRIME MINISTER: A country with a domestic market as small as Australia's is going to continue to need a reasonable degree of protection. People point to some overseas countries they point to smaller European countries by comparison, but they have access to the total European market at their door step. The European Economic Community has developed into a reasonably protective and inward looking trading block. If the Australian people are to be fully and properly employed we are going to need I believe for quite a long while in the future, a significant degree of protection for many Australian industries. Now the need for this has become all the greater because of the dislocation over the past three years and the rate of inflation over and above that of many of our trading partners quite apart from the other things I have mentioned. The only other thing I would want to add is that it must be a level of protection that is still consistent with Australia still being a good trading partner.

QUESTION: You don't want to see the loss of jobs?

PRIME MINISTER: No I don't. There has already been enough loss of jobs. If you want to restructure an industry - if a Government does so in cooperation with that industry - it needs to be done on an industry by industry basis knowing where you are going, knowing where people are going to find alternative employment. One of the problems of Labor was that they tried to restructure the whole economy and virtually destroyed the whole economy at once. They just didn't understand where they were going and the decisions we make have to be taken against an extraordinary difficult background that has been created over the past three years.

QUESTION: Relations with the communist countries, Vietnam, North Korea, are they in general going to continue?

PRIME MINISTER: We would want to have relationships with as many countries as possible. It enables us to put a point of view. We are not going to seek out new friends

at the expense of old ones but decisions to establish diplomatic relationships with other countries I think is only a sensible one.

QUESTION: And the matter of an Ambassador to Washington, the successor to Sir Patrick. Has any decision been made?

PRIME MINISTER: No, it hasn't.

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