

PRESS CONFERENCE - WELLINGTON, NEW ZEALAND.

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Prime Minister Muldoon:

We have circulated a communique which has attached to it an annex, and I think perhaps we simply now make ourselves available for question.

Question:

Prime Minister, do you anticipate a further meeting between yourself and Mr Fraser in the next six to 12 months to review progress?

Prime Minister Muldoon:

Well, if you look to 12 months I would say probably, yes. But the next ministerial meeting will be what would normally have been the NAFTA meeting which we are now putting further ahead and thinking in terms of about the middle of July and that would be in Canberra. Probably the New Zealand ministers would be Mr Talboys and Mr Adam Schneider.

Question:

When can you expect to be in a position to make decisions on an industry by industry basis - a specific decision?

Prime Minister Fraser:

It is not possible, I think, to put a timetable on that. A process of consultation with State governments and with industries will have to take place and that could take a little longer in Australia than New Zealand because doesn't have the complication with States. And in something of this kind, we would clearly want to carry the States with us. It will be on the agenda for the Premiers' Conference but I am not suggesting that Premiers will be able to or will have to make final decisions at that point. How far we can take it will depend upon the discussions and consultations up to that time between now and the end of June. Then when our deputy Prime Ministers meet in July, they will be able to report on the basis of the discussions up to that point, the basis of reactions of the States up to that point, In July it might be possible to get a clearer understanding of a future time scale.

Question:

Prime Minister can you sum up in laymen's terms what you think has been accomplished today?

Prime Minister Fraser:

Yes, Australia and New Zealand have always had a very close relationship, and there are many obvious reasons for that. Over the last several years there has been a real attempt through NAFTA to bring the trading relationship closer together but it appears that NAFTA is running up against some difficulties. In a sense, easier progress under NAFTA has been made. It would probably be very difficult for the trading relationship to become as close as many would want under the NAFTA arrangement. Therefore, officials really

Prime Minister Fraser: (cont.)

over much of the last two years, since Mr Talboys visited Nareen in March of two years ago, and other discussions I had had with the Prime Minister in Lusaka, especially since then, there has been a very great amount of work undertaken by officials, supervised by ministers, to try and work out an alternative approach. Now, the Prime Minister and I believe that there is enough merit in that alternative approach to have the whole matter put in a number of specific areas to real and specific study. If what we both hope proves to be successful, it will represent a watershed in New Zealand/Australian relationships. We will, in fact, have ended up by taking decisions which will bring the economies and financial arrangements in both countries much closer together than would ever have been possible under arrangements existing up to this point. It will give us both the advantage under those circumstances of the larger domestic market which in a sense will then be enlarged to 17 - 18 million rather than being more confined to our own markets.

We don't look upon it as an inward looking arrangement. The objective is an outward looking one because if the New Zealand and Australian economies can be stronger as a result of arrangements we make between ourselves, then we can better play the part that we would want to whether it is in the Pacific or South East Asia in terms of broader trading relationships.

The world is becoming more competitive. It is important for both of us to be able to sell more in the markets of the world, not just to each other, and greater freedom of trade between New Zealand and Australia should be - providing it is accomplished - a good first step in enabling us both to sell better and more effectively on world markets. And that leads to a stronger New Zealand and a stronger Australia. But, if the broad principals that, as we see it, which seem to be acceptable, if this proves to be acceptable to the two countries as the detailed studies unfold over the next period, then we will have launched a venture which will be very important indeed in the future of New Zealand and in the future of Australia.

Question:

Prime Minister, there were quite a few 'ifs' in your comments in your comments. How difficult is it going to be to get this closer relationship..?

Prime Minister Fraser:

There have to be 'ifs' because it depends upon studies. But what we have decided to this point is that we think there is enough in it of real merit to pursue those studies with vigour and with a commitment to try and make it all work. It is not a stand off sort of approach that we have. We believe that the approach has merit, we want to make it work, but detailed studies are needed in the areas that are highlighted in the statement and in the annex, so that sound and firm decisions can in fact, be made. In the process of those studies, obviously industries have to be consulted and in our case, State governments have to be consulted.

Question:

Do you see this as a development of a Pacific economic forum?

Prime Minister Muldoon:

I don't know that we discussed it precisely in those terms. Obviously what we were doing today we putting a political content to what has previously been an officials' discussion, and Mr Fraser and I have to do that. We have to say - and I use the word 'political' in the broadest sense - we have to say, is this acceptable to our people - taking the Australian and New Zealand people all together, and indeed separately in the two countries. I think the answer to that is that it can well be. We have had, certainly in New Zealand I think, very very good acceptance of the principal. We have had acceptance from the various interest groups, the farming community, the Manufacturers' Federation, the public at large - there has been a lot of public interest in it - and at this stage, I think the appeal is there. People in this country want to see a closer economic relationship with Australia.

Now, today we have answered the question, where are the problems? Are they insurmountable? The answer to that is no, they are not insurmountable.

Question:

Could I ask Mr Fraser and Mr Muldoon the same thing. It seems to me that none of what is in this communique is likely to lead to anything you could describe as economic union. Are the two countries now backing away from that concept?

Prime Minister Fraser:

It is not backing away because I don't know that there has ever been proposed. It is true that officials have examined a number of options that might be open to New Zealand and Australia in pursuing a closer relationship. It seemed to officials, and it seems to us, that the approach that is embraced in the communique and in the annex represent the best opportunity of achieving a much much closer trading relationship and economic relationship than we have ever had, a closer relationship than could be achieved under the present approach.

And that, therefore, is a good and constructive thing in its own right. As I said before, it is designed to strengthen both economies and enable us to take part in a sometimes difficult world more effectively than would otherwise be the case. So, I don't think it is really a realistic way of looking at it to say it is backing away from the concept - it is a tremendous step forward from what we have at the present time. And I hope it can be locked at in that light.

Question:

Mr Muldoon, are the difficulties more on the Australian side or on the New Zealand side?

Prime Minister Muldoon:

You're determined to have these difficulties, aren't you. I couldn't assess that, we made no formal assessment.

Question:

Apart from the provisions of information through the normal diplomatic channels, this is intended to brief the forum countries and the ASEAN countries specifically on what you have been talking about today.

Prime Minister Fraser:

No, I think that is a different concept. Here we have got something that is specific, it has got form to it, and that studies will show whether we can both put it into effect. And that will depend upon determination by both governments and it will depend upon a belief that that closer arrangement will be good for both countries, and I think we have that belief.

I have said in other forums that the idea of a Pacific community is a good one, and we are arranging a seminar in Australia as a result of discussions that we have had with a number of people in Japan, and others. It is an idea that has to have shape and form given to it, and nobody at this point knows what they mean by it. So, it is not related to it and not part of it.

Question:

Mr Muldoon, can we have your assessment of the way you have seen the developments today?

Prime Minister Muldoon:

I think we have made progress. We have certainly answered the question that we had in front of us, and that was, is it worth doing more work? Does the proposal appear to have sufficient merit to detailed work with a view to bringing it together, and the answer is yes. In the course of the day we have highlighted a number of potential stumbling blocks and difficulties and I don't propose to indicate what they are because we have got to find a way around them. I think we come out of our discussions with optimism that this proposal can be brought together, while recognising that it will not be easy in every respect.

Question:

Is there a time scale for the bringing together of that proposal?

Prime Minister Muldoon:

Not really. The time scale at the moment is to see how much we can do before the next ministerial meeting and carry on after that - there will be more work required after that. Prime Minister Fraser and I will meet again in New Delhi in September at least, and we might take the opportunity of having a word or two on this at that Regional Commonwealth Heads of Government Meeting. That, I guess, will be the next time that we will meet, but if we need any more meetings, we will have them.

Question:

Could you at least give us an idea of the areas of difficulties?

Prime Minister Muldoon:

No.

Question:

You have put some emphasis on the importance of public acceptance of what you have been talking about. Could I ask you, and also if I may, Mr Fraser, what you felt today the talks about - whether this would be acceptable to the public?

Prime Minister Muldoon:

It goes further. It goes further but it is not incompatible with NAFTA.

Question:

...inaudible?

Prime Minister Muldoon:

I don't think so. It may, as I said, NAFTA may have to, or may, in fact, develop in line with this, but there is no necessity for NAFTA to be altered simply because of this. None that I am aware of.

Question:

The communique mentions the most favourable treatment possible for each other's citizens. Was passport control discussed today?

Prime Minister Muldoon:

Just in passing. Obviously it has come up as an issue in Australia within the last week, and so we made passing reference to it, but we are both, I think, committed to what is in the communique.

Prime Minister Fraser:

Perhaps I could explain that for those who might not be aware of the background. A Royal Commission into drugs did raise the prospect of travel across the Tasman, and a possible need, indeed there is a recommendation related to it, to re-establish a much greater control than has existed for a long while. The Government hasn't given that detailed examination yet. We would want to try and find other ways of achieving the objectives of the Royal Commission if we can. We will be discussing this amongst ourselves in Australia, and with the appropriate departments in New Zealand. Our objective will be to meet the objectives of the problems indicated by the Royal Commission, but in a way that at the same time, maintains the free movement of people. Now, how that is precisely done, you will have to bear with us for a while, but that is the objective. In other words, we don't want to go back to a system of passport controls since, for so long, there has been a free movement. But, we do have to take account of the considerations of the Royal Commission.

Question:

You want more control, but not necessarily of passports?

Prime Minister Fraser:

Let's see. The Royal Commission raised a problem. What we would like to do is overcome that problem without re-establishing passport controls and inhibiting the movement of people between New Zealand and Australia. Now, we hope that is possible. If it is not, we are going to have to talk to New Zealand about it, and we can't take it any further than that at the moment.

Question:

Was there any agreement to set up formally a study group between the

Prime Minister Muldoon:

We have sent a message this afternoon to our representatives in these various countries setting out what we have been doing, and they will communicate with the governments of the various countries that you refer to. At this stage, it would not be proposed to send a minister, but we will certainly keep them close to what is developing.

Question:

Mr Fraser, what differences in the two economies do you see as causing difficulties in moving towards greater economic closeness?

Prime Minister Fraser:

I don't think it is difficulties in the two economies.

Question:

Differences?

Prime Minister Fraser:

Well, I was going to say, it is not differences in the economies as such. But there are, I suppose when you are trying to bring two separate countries closer together, there are some things that have developed over a long period of time, through the course of this century where they can be competitive interests. I think it is important for Australia to understand areas of sensitivity for New Zealand, and for New Zealand to understand areas of sensitivity for us. These sorts of things will again emerge, and if, as I believe we have - we both have a commitment to making the process work because we believe it will be advantageous to both countries, then clearly, if there are difficulties for one, the others, I believe, would want to be as helpful as possible in relation to it.

So it is a question of two countries that have grown up in part competitive, just because we have grown up as two countries. There are inevitably, therefore, some difficulties in achieving a much closer economic and trading relationship which is, on the reading of the document, really designed to see that trade can flow across the Tasman free of tariff and import licencing barriers. That obviously, in some areas, involves significant steps. The consequences of it need to be assessed very thoroughly and very carefully, and we need to make sure that there is as broad a consensus as possible in both countries, that the moves are going to be to the advantage of those countries. Because the Prime Minister indicated that obviously there can be some difficulties - both countries need to understand that the potential advantages to both infinitely outweigh a potential difficulty.

Question:

There seems to be a suggestion from the Australian side that moves towards closer economic co-operation are attempts to help solve some of the economic problems. Has either Prime Minister said that.

Prime Minister Fraser:

I don't know who has made that suggestion. It was a suggestion contained in a question, but the substance of the question I would reject as being part of Australia's motivation or ideas. I believe it is a process that will enable both economies, both countries, to be economically stronger

than they would otherwise be, both countries to be more competitive than they would otherwise be, and therefore would enable both countries to sell in world markets more effectively than they otherwise would. I take that as a large part of the purpose because there is no ultimate future, for New Zealand, or for Australia in just looking at the New Zealand/Australian market whether those markets are regarded as two or whether it is a combined market. Our futures are basically going to be outward and depend upon our capacity to sell in the wider world markets in many, many countries. The more effectively we can do that, the better we will advance, both New Zealand and Australia.

Question:

Mr Fraser, while you are talking about trade, can I ask your reaction to the settlement of the wool strike in Australia?

Prime Minister Fraser:

I have got nothing to add to what Mr Nixon said. But I really think it is a bit of an extraneous subject for the moment.

Question:

Mr Fraser, do you see any merit in the establishment of some sort of permanent secretariat as was proposed in the original Canberra pact?

Prime Minister Fraser:

I don't want to speak about specifics. I don't think that makes sense at the moment. The relationship between officials of both countries is very close, and I think the documents we have before us and the work that has been done in preparation for the meeting today, indicates how well they do, in fact, work. Now, whether there are any structural changes of an administrative kind that come out of these relationships as they move forward, let's wait and see, but let's not prejudge it.

Question:

Mr Muldoon, how does one now deal with NAFTA? Do we assume that it has been phased out? Do we talk about NAFTA talks any more or what do we talk about?

Prime Minister Muldoon:

No, we don't assume that it has been phased out. NAFTA is still there, it is still working, it is very valuable, and it will continue. These discussions came out of the fact that it was becoming more and more difficult to expand the scope, the range of NAFTA. I have seen a number of references, more or less in the terms of the question that this will replace NAFTA. No, this will supplement NAFTA, and when we talk of economic union, that is wrong too. This is an exercise in economic co-operation to extend the area of economic co-operation between Australia and New Zealand. It will supplement NAFTA and NAFTA will remain. NAFTA will develop, it may even expand as time goes by, but it certainly won't phase out or be replaced by what we are talking about.

Question:

How can that be if this...inaudible...?

Question: (cont.)

two countries on passport...inaudible?

Prime Minister Fraser:

It is too early for that at the moment. It is our Royal Commission. It is relating to our affairs, and we have to work that through, and at that point, we will be ready to talk with New Zealand about it.

Question:

Was there any discussion about giving each other favourable treatment in the development and sharing of energy resources? Given high world prices?

Prime Minister Fraser:

We didn't speak at great length about particular energy matters. The Prime Minister and I had discussed these matters very briefly when I was passing through some time ago on the developments that are occurring in both countries. But it hasn't gone beyond that.

Question:

Was there anything that you two Prime Ministers found to disagree with as a result of discussions that have gone on between the two?

Prime Minister Muldoon:

Disagree with the officials recommendations, you mean?

Question:

Yes.

Prime Minister Muldoon:

I wouldn't think too much, no. Of course, bear in mind that both governments have been close to the officials as they have done this work and perhaps had some influence on what went into the final proposals, but, no I think no specific disagreement. As I said earlier, we highlighted the points of difficulty on which work has to be done but we are not really at the stage of agreement or disagreement on detail. We are really at the stage of saying is it worth going ahead, and the answer is yes. We don't disagree on that.

Prime Minister Fraser:

If I could just add briefly to the point the Prime Minister made. Ministers have been involved in it at different stages, right throughout so it is not as though officials are suddenly presenting something to governments. Indeed, as a result of officials' talks a few weeks ago, both cabinets have looked at the matter. As a result of those examinations, officials were asked to meet again earlier this week, which they have done. I suppose we were trying to make sure that when we did meet, most of the wrinkles were out of it.

Prime Minister Muldoon:

I think that is right. There is another area that is where the work will have to be done, and that is, consultations with interested parties, interest groups. We would get close to the interest groups in this country, and I think the same occurred in Australia. But now we are getting down to more specific considerations there, we will have to work with the various interest groups.

Question:

Mr Fraser, has there been any consultation with the State governments?

Prime Minister Fraser:

Not very much, no. There has been some communication with governments that have shown an interest and said they want to be consulted, and up to this point, the answer has been that it is too early, because we had to make up our minds with New Zealand whether or not we were going to try and set a process in train. Well, from now of course, we will be very closely in touch with State governments, and seeking their support for the concept for the objectives.

Question:

Mr Fraser, did you and Mr Muldoon discuss the question of an Olympic Games boycott?

Prime Minister Fraser:

We have discussed that on other occasions.

Question:

Did you raise that matter at all?

Prime Minister Fraser:

No, not today.

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Question:

...inaudible

Prime Minister Fraser:

Some, yes. But there were some confidential ones amongst them, but you wouldn't be surprised, though, surely.

Question:

What about the non-confidential ones?

Prime Minister Fraser:

I think we have spoken about most of the non-confidential ones.

Prime Minister Muldoon:

I think most of those would come into what we have been talking about here. The peripheral areas of the trans-Tasman relationship, or the trans-Tasman economic relationship. I think that covers most of it - not quite all. There were one or two things that, for particular reasons, can't be disclosed at the moment. But there is no great secret about it.

Question:

..inaudible...

Prime Minister Muldoon:

You're still on these stumbling blocks, aren't you. The people who attend my press conference regularly know that I never permit them to get to answers by a process of elimination.

Question:

Mr Fraser, did you make any suggestions to Mr Muldoon about economic policies ...inaudible...?

Prime Minister Fraser:

No, why would I ever want to do that?

Prime Minister Muldoon:

My word, if he has got any ideas I would welcome them, along with most heads of government around the world.

Question:

There is mention in the communique of sound economic policies between the countries.

Prime Minister Muldoon:

That is exactly what we have.

Question:

Could I ask you, Mr Muldoon - the Prime Minister of Australia spoke about a passport control, and that sort of thing. Could I ask you just briefly, what do you think of the findings of the Williams Report, that New Zealanders are notable for their involvement in large scale activities involving illegal importation of drugs to Australia, and the trafficking of such drugs in Australia? Why New Zealanders?

Prime Minister Muldoon:

Well you had better ask him, he wrote it.

Question:

Do you think there is anything special about that. Are you worried about the reputation of your country?

Prime Minister Muldoon:

No, not really, not in that sense. It is true that a very large drug ring has recently been broken up or broken itself up by killing each other, and it was to some considerable extent, New Zealanders - not entirely, they had a few Australians working for them. But, no, I don't think you can move from that to a general theory that New Zealand is a nation of drug peddlers and drug addicts. In fact, our involvement with hard drugs is rather less than almost any other country of our type around the world. You asked me about this report - I suggest you ask the man who wrote it.

Question:

Does your government have any information on...inaudible?

Prime Minister Muldoon:

A certain amount. Most of it has been made public.

Question:

What did it show?

Prime Minister Muldoon:

Well, you read the papers, don't you? You read about these people who have been killing each other - Marty Johnson and those fellows who change their names to disguise themselves and so on. It is mainly public knowledge.

Question:

Do you have any...?

Prime Minister Muldoon:

I would think that the subject is worth pursuing. Has New Zealand a reputation as a drug centre? You can make up your own mind on that. If you asked me about cricket I would be prepared to answer you, because we have quite a reputation in cricket these days.

Question:

Have you got any attitude on the need for more travel control?

Prime Minister Muldoon:

Well, we hope we can avoid it. This goes back to the very beginning of the history of both countries, and it has always been free passage across the Tasman. But I hope we can avoid it, but obviously if the Australian government wants to talk to us about it, as a result of this report, we would be very happy to talk. We have discussed it in the past, indeed quite recently.

Prime Minister Fraser:

Well, we hope we can avoid it too. What ever problems might have arisen, as a result of that report, we hope they can be solved without them.

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