



PRIME MINISTER

FOR MEDIA

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PRESS COMMUNIQUE ON ECONOMIC COOPERATION BETWEEN CHINA AND AUSTRALIA

His Excellency Mr Hu Yaobang, General Secretary of the Chinese Communist Party and the Honourable R.J.L. Hawke, Prime Minister of Australia held extensive discussions in Canberra on 16 April 1985 on the outlook for economic cooperation between the two countries.

The Australian Prime Minister said that it was an underlying goal of Australian economic policy to establish a more outward-looking industrial structure, to foster industries which are able to respond flexibly to changing market conditions and to take full advantage of international market opportunities.

This had been underpinned by the creation of a stable macro-economic environment directed at the promotion of strong growth, moderate inflation and good industrial relations.

Mr Hawke emphasised the need for Australia to increase its economic links with the region and the major opportunities for doing so with China. The Australian Government wished to assure China that Australia will continue to be a reliable and competitive supplier of mineral and

technology necessary for China's development.

General Secretary Hu said that it was important to have a long term point of view and to plan for friendship and cooperation for at least a generation. He pointed out that the Chinese Government is carrying out economic reforms for the purpose of ensuring sustained economic growth and the continuous improvement of the livelihood of the Chinese people. China had adopted an 'open door' policy to strengthen cooperation in economic and other fields with other countries. The friendship between China and Australia and the absence of fundamental conflicts of interest between the two countries provided a firm foundation for economic cooperation.

General Secretary Hu noted that under China's 7th five year plan (1986-1990) China wanted to step up the modernisation of its industries and the whole Chinese economy and improve efficiency. Prime Minister Hawke said that Australia stands ready to provide the quality raw materials and robust technology which would be required for China to achieve the objectives of the plan.

General Secretary Hu outlined the substantial achievements in the agricultural sector in China in recent years and China's objectives of improving life in rural areas and developing animal husbandry. He welcomed Prime Minister

Hawke's assurance that Australia wished to contribute to China's development in these areas.

General Secretary Hu said that China was making great efforts to overcome the obstacle to development in transport, energy and raw materials. He welcomed Australian investment in China. Prime Minister Hawke indicated that Australia would be willing to cooperate in all these fields.

The General Secretary and the Prime Minister discussed the efforts being made to develop cooperation between Australia and particular Chinese Provinces, and agreed on the importance of such cooperation.

They also agreed that with the expansion and broadening of cooperation they would be continuing to seek opportunities for the two countries to participate in each other's growth.

The General Secretary mentioned the question of the trade imbalance between China and Australia and expressed the hope that the two sides would make efforts to facilitate an increase of Chinese exports to Australia so as to narrow the gap. Prime Minister Hawke indicated that Australia was making efforts under the China Action Plan to facilitate the work of China's corporations in exporting to Australia. The two sides agreed that they would continue to explore the possibility of Australian companies purchasing Chinese oil.

He also welcomed the contribution to future balance in the economic relationship of an increased flow of Australian investment in China, in addition to Chinese investment in Australia.

Mr Hawke noted that Australia's process of modernisation and structural change will offer expanding market opportunities in which China will be well placed to share. The modernisation of Australian industry over the year and decades ahead would provide increasing opportunities for exports of the light industrial products which are a major focus of Chinese industrial modernisation.

The General Secretary and the Prime Minister agreed that while the business enterprises in the two countries must establish arrangements on an objective and mutually profitable basis the two Governments could assist in providing a framework of information and confidence within which that cooperation could continue. This applied in a number of particular ways, as follows :

- (a) The work of the Joint Study Group on Iron and Steel established in February 1984 would continue with a view to further cooperation in trade, investment in both countries, and technology sales and cooperation.
- (b) The Joint Working Group on Coal Cooperation established

in October 1984 would similarly continue its work.

- (c) A new Joint Study would be undertaken in relation to all stages of the wool industry.
- (d) Following the visit to Australia by Chinese Delegates dealing with non-ferrous metals and railways, Australian delegations would visit China to review with Chinese authorities the possibility of further cooperation in these areas.
- (e) Australia would send a high level delegation to China to discuss the opportunities for cooperation in the development and planning of China's transport industry.
- (f) Cooperation in agricultural development of China would continue and be extended.

In the area of iron and steel cooperation, it was noted that under the auspices of the Joint Study Group much progress had been made. The two sides agreed that the prospects were very good, and agreed to encourage enterprises of the two countries to reach mutually profitable commercial arrangements as soon as possible, in accordance with the principles accepted by both sides and in particular to cooperate on Channar and Kwinana and other projects. Cooperation in the iron and steel industry could be in the

form of joint ventures or long term trade contracts. Upon the satisfactory conclusion of current negotiations, the Joint Study Group would turn its attention to the development of a framework of principle within which Australian and Chinese enterprises would be encouraged further to extend cooperation, including through larger-scale investment in steel making in China utilising internationally competitive raw and semi-processed materials from Australia.

The General Secretary and the Prime Minister noted that the two Governments are to review future priorities for the program under the ~~Agreement on Technical Cooperation in~~ Development.

The General Secretary and the Prime Minister confirmed the common wish expressed by Prime Minister Hawke and Premier Zhao Ziyang during Prime Minister Hawke's visit to China in February 1984 that Australia/China economic cooperation should be a model for cooperation between countries at different levels of development and with different social systems.