



PRIME MINISTER

EMBARGOED UNTIL DELIVERY

CHECK AGAINST DELIVERY

STATE LUNCHEON
WELLINGTON - 20 NOVEMBER 1987

Prime Minister David Lange,
Opposition Leader Jim Bolger,
Ladies and gentlemen

New Zealand and Australia have a unique relationship.

We are next-door neighbours by virtue of our geographical proximity.

We are brothers and sisters by virtue of our historical ties: born in the same era and with the same tradition of democracy and individual liberty.

And by virtue of our proud record as ANZACs in two World Wars, fighting for the cause of freedom and a safer world, we are, enduringly, the closest of friends.

But as strong as are those ties of geography and of history, we would be doing ourselves a disservice if we characterised our relationship as one which is fixed in time and bound by the limits of the past.

For the real strength of the relationship between New Zealand and Australia lies in our people and in their daily exchanges across the widest range of business, family, sporting, cultural and political activities.

Some Kiwis even crossed the Tasman to attend the Adelaide Grand Prix and although, regrettably, their presence was not rewarded with victory in the celebrity event, they greatly added to its distinction.

Those constant exchanges between Australians and New Zealanders are based on warmth and openness and friendship - or, in the case of the current Australian tour by your cricketers, they are based on the warmth of intense rivalry.

It is those exchanges which are responsible for ensuring our relationship remains relevant to contemporary needs and flexible in the face of changing circumstances.

For it would be foolish to assume that the needs and circumstances of our relationship and of our region are immutable.

New challenges and new difficulties will arise which make it all the more important that, where we disagree, we can honestly explain our policies to each other, and, where as happens far more frequently, we agree, we can work together to achieve our common goals of a prosperous, peaceful and stable region.

It is of great importance that Australia and New Zealand continue to work together in the South Pacific where we have so many common interests, and we are both determined to do so.

The need for the closest co-operation between us was highlighted this year by the military overthrow of the legally elected government of Fiji. The full consequences of this tragic situation have yet to emerge. But I wish to put on record my deep appreciation of the fact that at both the South Pacific Forum in Apia and at the Commonwealth Heads of Government Meeting in Vancouver, David Lange and I were able to work closely together to achieve what for all practical purposes has been a joint and realistic approach to the Fiji problem.

Australia has also been grateful for the tireless work of the New Zealand Government in support of a multiracial independent New Caledonia, the common objective of all the countries of the South Pacific Forum. We each have an important long term interest in stability in New Caledonia and the changes we seek are, whatever may be said in some quarters, designed precisely to achieve that stability.

There is no secret about our disagreement on the issue of access to our ports by allied warships.

Australia adheres firmly to our policy on welcoming ship visits by our US ally. We accept the need for strategic deterrence. We recognise that you have a different view. I am not suggesting that this disagreement is not serious or that it is in any sense behind us. But I believe it is a sign of the maturity of our relationship that we can have this important disagreement without allowing it to corrode our overall friendship.

In our bilateral defence relations, for example, our traditional exchanges continue. Over the past year, our Defence Ministers have been in close touch, and they have, through the appropriately named ANZAC Ship Project, agreed in principle to equip our navies with the same light surface combatant vessel. This makes good political and strategic sense.

Australia and New Zealand also work together in the cause of disarmament. We value our co-operation with you in the search for a Comprehensive Test Ban Agreement and, of very

great relevance to the future of our region, the conclusion of the South Pacific Nuclear Free Zone Treaty. Both our countries welcome the results of the INF negotiations between the Soviet Union and the United States and look forward to further balanced reductions in nuclear weapons.

In the vital negotiations over the future of international trade, too, we are together making our presence felt. In the Cairns Group of Fair Traders, we have helped create a much needed third force in the trade negotiations which, as the Uruguay round progresses, is making an indispensable contribution to the effort to bring down protectionist barriers and reverse the corruption of international agricultural trade.

I had the honour in Geneva last month of announcing, on behalf of the Cairns Group, a set of proposals to provide a long term framework of reform within which agricultural production and trade can take place with minimum distortion and disruption. I believe we have a unique opportunity to work together to move the logjam which has proved so costly to the growth and prosperity of efficient agricultural exporters such as New Zealand and Australia.

The opening up of our two markets which took place under NAFTA and, more recently, under CER, has been a tremendous example of the mutual benefits of free trade.

CER has provided, for many companies, the first step into a foreign market. It has exposed them to the complexities of operating in an unfamiliar environment and to those new management skills associated with international operations that are essential if those companies are to go on to compete on world markets. Beyond the clear economic advantages that CER has provided to both our economies, this may well prove to have been its most important contribution.

The results of the first five years of CER are gratifying by any standards. Trade barriers have been drastically reduced, exceeding expectations, and consequently trade between our two countries has increased to the benefit of us both.

Our task in the review ahead is to confirm the success of CER. We can do this most clearly by accelerating the completion of the free trade area. We should also seek to demonstrate that further development of CER is possible.

The argument in favour of a closer economic relationship assumes even greater validity in an era when both New Zealand and Australia are engaged in the task of economic restructuring.

Restructuring involves decisions which are seldom easy or comfortable. But it is the only route by which our nations can ensure their prosperity and growth in the contemporary world economy.

It is fitting of course that both Australia and New Zealand are being led through this task by Labor Governments committed to and capable of dealing in a realistic, credible and resolute way with very testing economic circumstances.

Both of our Governments have understood the need, for example, for restoration of stability in our countries' finances, deregulation of financial markets and other institutional reforms, and repudiation of inward-looking protectionism in favour of renewed economic competitiveness.

As a result, within a matter of weeks of each other, we again won the confidence of our respective electorates in historically unprecedented circumstances for both of us.

But I think we both recognise that we cannot rest on our laurels, that we confront long-term tasks requiring patience, discipline and restraint and that we need to eschew self-indulgent gestures urged on us by the advocates of the warm inner-glow.

Next year is Australia's Bicentennial year, celebrating the European settlement of our country 200 years ago. I am grateful for New Zealand's generous efforts to help us to make the celebration memorable, not least through your substantial participation at Expo '88 in Brisbane, and your generous gift of the 'Akarana' which I look forward to visiting with Prime Minister Lange on Monday.

The Bicentennial will I believe be a great occasion - not just for celebration but, I hope, for reflection. I know I will be understood in New Zealand, whose Maori heritage is so strong, when I say that I want our Bicentennial year to include due recognition by all Australians of the fact that our 200 year occupation of the land follows over 40,000 years of fruitful and peaceful stewardship by an Aboriginal civilisation whose depth and richness we relative newcomers are still coming to understand.

Let me close by extending an invitation to as many New Zealanders as possible to cross the Tasman next year to help us celebrate our birthday.

Ladies and gentlemen,

I propose a toast to the lasting friendship between the people of New Zealand and Australia.

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