



PRIME MINISTER

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JOURNALIST: Prime Minister, if I could start with a domestic political question, could you clarify for us now what you meant in your answer yesterday in referring to any possible deferral of the tax cuts that this wasn't in your thinking at this stage?

PM: It's a case of getting unnecessarily knicker knotted over a phrase on your part. I have made clear consistently that the tax cuts will come in on the first of July, period.

JOURNALIST: Is Australia trying to convince Thailand of the necessity of building a new economic bloc in Asia Pacific to fight against the 1992 single market in Europe and if so what is the role of Thailand? And my second question is does Australia intend to pursue the aim of bringing the Khmer Rouge Pol Pot into international courts?

PM: On the first question my suggestion has been firstly in my recent visit to the Republic of Korea and again in my discussions with your Prime Minister that we ought in the region to examine how we can increase co-operation, particularly in the economic, social field between us because we are living in a world as I put it of paradox. The paradox is that there has never been more reason and ground for optimism on the political front in the international relations area than now. But against that there are very serious causes for concern and some degree of pessimism about the way in which nations are behaving in their international economic relations. And so I have said that it makes sense for this region which is the fastest growing most dynamic region of the world to think about the ways in which we can increase our co-operation and I suggested that a model without being prescriptive about it could be an OECD type organisation which is not a trading bloc. And that is not my suggestion that that sort of model, however, could provide a sensible and constructive and very useful mechanism whereby the countries of this dynamic economic region would be able to interchange information and also use their influence as a group upon the recalcitrant members of the international community, by which we basically mean increasing stand-offs between the European community and the United States, that we as the most significant economic region in the world could say to them "Look it's time you came to your senses" and that

we could try and use that influence to ensure that the multilateral trade negotiations which to some extent are stalling could be put onto a more productive track. So you'll see that the concept is one of co-operation of the exchange of information for facilitating growth and co-operation within the region. I did say, and I repeat here, if you take the most pessimistic scenario, which I don't take, but which certainly had some currency at the recent World Economic Forum at Davos, but if you took that most pessimistic scenario and you saw the emergence of two major blocs in Europe and North America then anything that we have done in developing the ideas that I am talking about here in terms of the OECD type model could in those pessimistic circumstances provide the building blocks for the resort that no doubt in those circumstances we in this region would have to have some blocs. So that's essentially my position. As to your second question we haven't addressed the issue of Pol Pot in the international court of justice. Our position however in the contribution that we make to the discussions in this region, which we are pleased to see are gathering momentum towards the possibility of achieving a settlement in Cambodia, is based upon the firm foundation that there should be no place in the outcome for Pol Pot and those closely associated with him in the barbarous atrocities of the period when they were in power in Kampuchea.

JOURNALIST: Prime Minister, what specific additional pressure put on OECD type organisations in Asia and the Pacific actually bring the groupings like the Cairns Group ... already fighting fire?

PM: Well obviously it would have within it additional strength, additional membership as in the Cairns Group now. But that is only one aspect of what I am talking about. Obviously the sort of body that I put up as a suggestion and I repeat not as a prescription would have important exchange information functions which would be of use to every member of that group. But I find it difficult to believe that if we were able to get a grouping of these nations of in this region which is as we all know the fastest growing group, one which constitutes in its collective economic activity the majority of the world's production and increasing proportion of the world's trade, but it is not going to have an increased clout in discussions with Europe and with the United States. It seems to be logical to expect that that would be the case.

JOURNALIST: Could Asia form a trading group stronger than America and the European communities?

PM: Well it depends on what you're talking about.

JOURNALIST: Trading bloc.

PM: Trading bloc. Well if you look at the facts of production and trade the region that I am talking about at the present time provides more than half of the production. It's larger than the other two and in terms of trade is going to be, is already, the most important area and will be increasingly so. So if you just look in aggregates and production and trade it can be more significant. But I don't want to approach these issues in terms of saying we are bigger, stronger, got more stick than you. I mean it is that sort of attitude which is counter-productive at the moment. We are seeing the relationships between the United States and Europe deteriorate into that sort of situation now and not only the general discussions but now its degenerating more particularly as a result of the argument they are having over the hormones issue that Americans are saying well we are going to, in retaliation to you stopping the access of our meat, we are going to stop an equivalent or greater equivalent amount of your products coming into our country. It's this concept of who is the more powerful, who can use the greater stick to hit the other one which is precisely the sort of thing that we want to avoid.

JOURNALIST: Prime Minister, do you have a time frame within which the Asia Pacific Group might begin to realise I mean should we wait to the end of the Uruguay Round ... talking two years, three years.

PM: Well its artificial to put time frames on it. The sensible and intelligent way of looking at it is that we ought to process as quickly as possible, I believe, the consultative mechanisms, the sounding out of the countries in the region as to how they want to see our forms of co-operation increase including a consideration of the type of model that I have talked about. Now on that process I have said that I would hope that by the end of this year we could have a ministerial type meeting on that. It is not an issue which can be rushed because you have not only the question of individual perspectives and perceptions but also you have the existence of ASEAN and the members of ASEAN will want to consider their attitude to this issue in relationship to what their membership of ASEAN means. So quite clearly the processes of discussion, preparation, if there is overall a positive response to the concept will take the best part of this year to get towards a productive ministerial type meeting. Now while that's going on you have got the process under the adjourned Montreal meeting, if I can put it that way, with the agreement that there will be a meeting in Geneva in April. Now between now and April a lot of discussions are going on. For my part I have written strong letters to President Bush and to the major political leaders in Europe and have put a very hard line to them as to the obligation which rests upon them to use this time between now and April to produce a more productive result. Because what you have got to understand is that a considerable amount of progress has been made in the Uruguay Round discussions.

Agreements, the basis of agreement has been reached on eleven out of the fifteen heads and the four that are left with agriculture, textiles and safeguards and intellectual property, those four out of the fifteen ... disagreement are holding up agreement on the eleven areas. So there is a very strong incentive for intelligent leadership around the world to make use of this period between now and April. Now obviously if good sense prevails against the more pessimistic scenario that some people have been recently projecting then the type of pressures and thinking that would be going into our regional perceptions would be different. So to put a timetable on the possible emergence of some bloc is not really the right way to approach it. I want to see the work done on this regional concept because whatever assumption you make about the outcome of the NNCN Round there is a role and purpose for this regional grouping. It may have for the most pessimistic scenario another purpose but you won't know that until quite a way down the track.

JOURNALIST: Prime Minister, there's speculation about a potential Australian role in settlement in Kampuchea, so ... do you think Australia should be involved in some way or another, and how do you see that kind of involvement, what role, and thirdly has it arisen in any discussions you have had with Thai leaders here?

PM: Australia should have a role on this condition. We are qualified, we are part of the region and we have a continuing well established interest, but we should have a role if we are wanted. Australia has never taken the view, and certainly under my leadership, hasn't taken the view that here we are whether it be here or the Middle East or somewhere else, our name's Australia shift over we are going to come and fix it up - that's not our approach. We do have a legitimate interest and if we are wanted then we will be prepared and happy to play a role. You ask what sort of a role, well the question which precedes that is that the participants in the discussions that are going on and the various strands of discussion. As you know there are many. There's the discussions between Vietnam and China, there's the discussions between the Soviet Union and China, there's discussions between Thailand and Laos and Cambodia and Vietnam and there is the JIM meetings. I mean you have got to understand there's a whole number of streams of discussions going on. Now out of those discussions if it emerges that, if we could term it, the major directly involved parties want Australia in, then we'll be in. Now you ask what would the role be. You can't answer that question because the parties haven't answered the question themselves. There is as you know a difference of view between whether at one extreme you would have a military peacekeeping force or at the other extreme a totally unarmed body limited entirely to a monitoring process of the elections. Now therefore what role Australia would have must be an outcome of what sort of agreement is reached on the role of what is now, in the absence of a final agreement,

called an international control mechanism. I mean the concept of a peacekeeping force, that phrase has been put aside and the control commission is put aside and they have used this general phrase, mechanism. They have got to put content into what they want the mechanism to be and what function there is for it to be because before I can answer your question, what will Australia's role be?

JOURNALIST: Mr Hawke, the Foreign Minister has said he doesn't think Australia should put an armed force in. Do you agree with that view?

PM: Well prima facie that would be the obvious Australian position. You prefer positions where you don't have armed personnel involved. Now neither the Foreign Minister nor I would rule out if you had agreement that there was a need for some component of that type, we would obviously consider that. But our preference would be for an involvement which was not of that type. But we are committed to playing a positive and constructive role in the process, we have made that clear and in the discussions that I have had already at this point it seems to be very clear that there is a desire among the participants, as far as I can see, for an Australian presence.

JOURNALIST: Prime Minister, ... Australian dollar ... Senator Button says the economic fundamentals indicate that the dollar should not continue to rise. Is that a view that you endorse?

PM: Well I tend on these questions to basically conduct my discussions and express my views within the Government framework. I certainly intend to do that and I certainly don't intend to give some exposition on what's happening to the SA from the Oriental Hotel in Bangkok.

JOURNALIST: Senator Evans has said that he is concerned about the plight of the Vietnamese refugees in Hong Kong. Also your hosts have a lot of Vietnamese and other refugees, Kampuchean refugees in Thailand. Is Australia prepared to be more flexible in accepting refugees?

PM: I don't think the question needs to be put to Australia about whether we need to be more flexible. The simple indisputable and accepted fact internationally is that on a per capita basis Australia has done more in accepting refugees than any other country, including the United States. So that's the ... actual figure. We've done more. Our record is outstanding. Therefore I don't think we need to be talking about doing more. What we are doing is conducting sensible discussions with countries in the region, and it has certainly risen in my discussions here that there needs to be a fully involved international conference this year. That will be held - we believe it looks as though it will be the middle of the year, probably in Geneva. We'll be there, it looks as though Vietnam will be there and we want to see out

of that international conference the achievement of the objectives which sensibly everyone has in mind. That is, to have to the extent that there's going to be departures from Vietnam, that they be orderly and acceptably organised, that the pressures of first asylum that have been pressing so much, particularly upon Thailand, are eased and made acceptable. These are the sorts of things that need to be worked out in such an international conference and Australia will be prepared to play its part in that conference. We've said so and we do that from a position of great strength in terms of our record. We don't have to talk about being more flexible or more generous. No-one has been as generous as we have.

JOURNALIST: Do you think it's time as the Treasurer suggests for middle class Australians to give up the idea of having homes with swimming pools and Hills hoists?

PM: I think on my reading of what's happened that the Treasurer has been somewhat unfairly beaten up on this issue - not that he's a poor defenceless fellow, he can look after himself as you know. But just let me make this point, simply that we live in a rapidly changing world now in which for some people, and just put in terms of the interests and preferences of people, that for a lot of people the concept of having access to medium, higher density relatively inner city housing, for a lot of people, has a greater relative attraction than building a long way out further away from place of work. That's not a question of Paul Keating's opinion or Bob Hawke's opinion and it just is a fact of life. For a lot of people that is the case. It is the case that the attitudes of a number of regulatory agencies, including local governments, are rooted in a more historical conventional view of what the nature of preferences are. Now to the extent that what the Treasurer has said is opening up discussion about the desirability of looking at facilitating more of that type of housing which would be attractive to a lot of Australians then that's a good thing. It looks as though on what Mr Greiner has now announced that it's had precisely that effect. So this is not a question of saying that the dream of those who do desire, who have the preference of a block of their own, that's that's disappeared. It's just a realistic thing to acknowledge that for a lot of people the historical aspiration of that separate block may not be as attractive in these days as having access to attractive or higher density type accommodation closer to the city. So that's a perfectly sane thing to have on the table.

JOURNALIST: Mr Hawke, getting back to the Khmer Rouge. If the effective leadership of the Khmer Rouge is rejected in advance by Phnom Penh, how can there be a political role for the Khmer Rouge and the second part of that question is your foreign minister said that if aid were cut to the Khmer Rouge that they would fade away and cease to be a threat. Is that not a little bit naive and even if it took five or ten years for the Khmer Rouge to fade away, wouldn't hundreds if not thousands of people still die?

PM: These are precisely the questions which are being discussed now at the various levels that I talked about before, including the discussions between the Soviet Union and China, and China and Vietnam and the other strands that I'm talking about. It would be quite ridiculous for me or for anyone else to give you an unequivocal statement as to what the impact would be in the areas that you talk about because you can't be certain of this. Certainly I can't. But what you can be certain of is that the parties directly involved are now getting closer, much closer towards accepting that there can be no outcome which will allow the possibility of the Khmer Rouge resuming a position of dominance. That is not something that has to be forced for instance upon the Chinese who have been the most substantial supporters and supplier of arms to the Khmer Rouge. They

accept that position. So what has got to be worked out is how, for those elements of the Khmer Rouge that to the participants are acceptable as part of the process, how they are integrated into the outcome. What seems to be accepted is that there can be an identification of a number, the number not being certain yet, but of a number of leaders of the Khmer Rouge who simply are not acceptable. There is some difference as to what that number is but you're not in different ball parks of argument. There will need to be in the discussions, in the negotiations, a way of quarantining the unacceptable figures. That doesn't mean that for the faction there cannot be seen to be a place. Now that's precisely one of the central issues that's involved in all the discussions that are going on and I get the impression, if I can put it this way, from the very generously detailed briefing that I have been given both by the Prime Minister and Foreign Minister Siddhi that they have optimism that this precise issue is capable of being worked out. If it is then the second part of your question is non-operative. They are not going to in other words agree to an outcome which leaves open the possibility of some return to the atrocities and barbarities of the past.

JOURNALIST: What role do you see for Prince Sihanouk and do you think he'll go to the Jakarta talks?

PM: I like the phrase that was used to me yesterday, I see it was in the press, that when the boat finally pulls out the Prince is usually aboard. I see that it is still the position from all the discussions I've had and reports I've received there is fairly common ground that Prince Sihanouk retains a position of centrality in the perceived outcome. He was somewhat off-put, if we can put it that way, by the recent reception here of the other participants in the CGDK grouping that came to Bangkok - that upset him a little bit. But I'm aware that the Prime Minister of Thailand has a long history of close personal friendships and relationships with Prince Sihanouk. There is no lasting damage that has been done by that episode at all. Their relationships are close. So I think in any way you look at it, given the perceptions of all the major parties, Sihanouk will continue to have a central role. There still seems to be some possibility that he will be attending the JIM Two meeting.

JOURNALIST: The Treasurer Mr Keating has said that Australia can be a spring board into Asia and now he's raised the idea of a regional OECD, yet Australian investment in a number of countries in Asia is actually quite slight. I wonder, do you think Australia can justifiably claim to be a member of the regional economy?

PM: Yes indeed we can, simply by looking at the statistics because the greater proportion of our trade and economic relationships and a substantial proportion of our total overseas investment is in the region by any statistical test you apply, whether it's trade or investment, we are part of the region. Now my concern which I've been expressing since I've become Prime Minister is that we've got to do more, and the phrase I've used is to become enmeshed in the region, and

what we have done in the period since 1983 is very very significant. The degree of enmeshment is remarkably greater than it was. It has been a variegated performance when you look at it country by country and here in Thailand I have expressed a view, and I take this opportunity of saying it again, that I don't think the Australian business community has been quite as aggressive in an acceptable sense of that word and thrusting in taking advantage of possible opportunities here as it may have been. I think therefore that the agreement that I've reached with the Prime Minister here to set a doubling of the two-way trade between us within the next three years is achievable. It may appear ambitious but to lift it from the A\$630 million to 1.3 by the end of 1991 seems to me achievable. Certainly if you look at the particular projects which are available for Australian participation I don't think there's any reason why we won't achieve that objective. Importantly, the actual agreements that we have arrived at here to process an overall economic co-operation agreement, the concessional financing agreement, to go on with the double tax agreement negotiations, I think that in regard to Thailand it means that now as a result of my visit and the very productive discussions I've had with the Prime Minister that we will undoubtedly see a boost to involvement here and that will not only be in trade but in two-way investment. Australia has got to really complete the process from the rhetoric to the fact and the change of attitude. As I've said, for too long and under previous governments the phrase was there we're part of Asia, but the tough hard attitudinal change wasn't there. It is coming now and I'm as certain as I am of anything that the process of the enmeshment of the Australian economy with Asia is going to gather momentum because that is something which is manifestly in our interests in Australia and without overstating our capacities it is something which is certainly in the interests of Asia.

JOURNALIST: There was a report yesterday from Associated Press in Chiang Mai that they're expecting a record bumper crop of heroin out of the golden triangle this year. Is that a concern to you and will you be talking to the Thai authorities about how to ensure that that crop doesn't get through ...?

PM: It is a matter of concern. We have talked about these issues. I've given my assurance to the Prime Minister and to his ministers that Australia's involvement with the Office of the Narcotic Control Board here in Bangkok will be carried on. It is a very effective concrete way in which we have been able to assist in their program of creating a more efficient policing body. There is no question but that we will continue our assistance in that form and also the co-operation between our police forces. So we have that commitment, we've got the runs on the board in terms of actual co-operation, both in terms of financial assistance and in terms of inter-operability of our police forces. All those things will continue. I must say I will be interested to see when I go up there the operation of His Majesty's

concept and program of trying to develop alternative crops and avenues of economic activity for the people involved in the production of these crops. That's another aspect of the approach that can be adopted.

JOURNALIST: Could you discuss Australia's assistance to the project of building the Thai-Laos bridge that you discussed with Prime Minister Chatichai yesterday.

PM: The Prime Minister expressed the view that it would be good if Australia would pick up this project. It was one of those areas of meetings between Prime Ministers where the other Prime Minister, that is me, I also thought it would be good. So we agreed. Now the suggestion is that it would cost about \$27 million - that's in US terms - without a rail and perhaps \$31 million with the rail. We've accepted that we will undertake the responsibility, the design and the construction of the bridge. It's understood that there will need to be further detailed analyses done of what it involves. Obviously we need the agreement of Laos as well - I can't imagine that that will not be forthcoming. We'll undertake that work and then on the understanding that the outcome of those studies will validate the order of, not necessarily absolutely precisely, but the order of costings that have been put to us, then we'll go ahead with it. It's suggested that it's something that will be done over a five year period. As I've said, this is something that will be intrinsically desirable in helping to increase communication and trade between two countries that historically have had such a relationship that's been characterised by conflict. So it will be important intrinsically, and as I've said, I think symbolically it's also important in being part of transforming a zone of war into a zone of peace. It's something that I'm very pleased that we in Australia are able to be associated with.

JOURNALIST: What is the state of your Government's relations now with the regime in Burma and how do you see them developing?

PM: I would think it's most correctly put by saying that we have maintained a presence there which seeks to be informed to protect Australian interests and interests of others who will be associated with us. We don't see ourselves as a major player in the events of Burma although it is the case that we have a fairly significant program of aid and assistance to Burma. We've made it clear that we want to see a situation in which human rights are respected and in which there is an opportunity for free and fair election in which the will of the people of Burma can be reflected. That's the stance that we adopt while we accept we are not a major player in the events there.

JOURNALIST: In your speech last night you reaffirmed Australia's stance on immigration policy. In your talks in recent days has the question of the debate in Australia over Asian immigration arisen and have you been able to gauge whether there's been any longer term damage between our relations as a result of that debate?

PM: The matter has arisen but as you would expect, given the politeness of our hosts it's not an issue that they pursue. But in the discussions that have come out it's clear that they welcome the unequivocal statements that I make on behalf of the Australian Government about our commitment to non-discriminatory policies. Just anecdotely may I say that one of my staff before I came here was travelling out in the country in Thailand here and was told in respect of certain Thai students that they had been going to come - and I think there were four of them - were going to be coming to Australia. They'd heard about this debate and it changed their decision to go to Australia and instead have gone to North America. So any suggestion that there hasn't been some understanding fairly generally through the region about the debate in Australia is simply not the case. The knowledge is there and part of what I'm about; why I'm here, and I've said also in Korea, is to reiterate the position and that is that the past practice of the '70s and the '80s of non-discrimination, that practice is irreversible. The white Australia policy will, as I've put it, stay where it belongs in the history books.

JOURNALIST: You spoke before about Australian investment in Thailand. There's been two big attempts by Australian companies recently to get into Thailand, both have failed rather dismally in controversial circumstances. Did you take this up with the Thai Government?

PM: We did not go to the details of the failed bids but in the major area of telecommunications, ministers went out of their way to say that there were very very extensive investment programs and expansion programs on the drawing board and that they look forward to successful Australian bidding in those areas. So I would have to say that from our point of view despite the unfortunate fact that we were unsuccessful in the past it does seem absolutely to be the case that our position in regard to the future is not only not prejudiced but that the Thai authorities are looking forward anxiously to Australian participation in the bidding for these further contracts. There is some anticipation I think that we've got a good chance of being successful.

JOURNALIST: Just one quick domestic one. What are your feelings about the West Australian election and have you spoken to Premier Dowding in the last couple of days?

PM: It will come as no surprise to you in answer to the first part of your question as what my feelings are. I have a great hope that Dowding will win because that's not only in the interests of the Party in the state and federally, but more importantly it's overwhelmingly in the interests of the West Australian people. My second feeling is that it will be desperately close. Thirdly, have I spoken to him in the last couple of days, no. I am here in the region advancing the causes of Australia and of the region and that's fully taking up my time.

JOURNALIST: At the banquet last night you said that Australia is ready to play a part in any restoration of peace in Cambodia. I understand that you partly answered the question but I would be interested in what role that would involve. Would Australia consider staffing the international control mechanism of funding and in what way ...?

PM: I really have answered that question. You can't be specific about what role you'll play until the parties themselves have agreed on what the role of the mechanism is. They've got to use the word mechanism now as a generic because that is reflective of the fact that there's still a lot of discussion and argument as to what the role will be. So I can't say what our role will be in something the role of which itself generally hasn't been determined. The important point is that we are prepared to do reasonably anything that the parties would want us to do together with others - I mean Australia is not assuming sole responsibility in these matters - but to do what would sensibly be requested of us. Now that could include specialist staff who had experience or the capacity to involve the monitoring of elections - and we have a lot of elections in Australia, too many, you can see that people are preoccupied with them - so I don't see that we'd have any trouble in providing people who would be very competent in supervising elections. I could send along a few sharp scrutineers I can tell you. So we could do that. The processes of monitoring the withdrawal, ensuring that the withdrawal of the Vietnamese forces was undertaken, this is something which again we would have a capacity with others to do. Obviously in providing these forms of personnel it requires finance. We understand that if we're going to be part of this exercise it will involve a financial outlay as far as we are concerned. But we've had a long standing involvement and commitment to try and foresee a peaceful outcome of this tragedy. Now that we are accelerating together towards the possibility of that resolution we're not going to be parsimonious from our point of view if we're asked in ensuring that we make an effective contribution.

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