



PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING, MP

**PNG OFFICIAL DINNER, PORT MORESBY
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Thank you for inviting me here. I am very grateful for the welcome you have given me, and for the opportunity to speak to you tonight.

It is 20 years since I first visited Papua New Guinea. I was an Opposition backbencher in the entourage of an Australian leader who was to leave his mark on the history of both our countries, Edward Gough Whitlam.

Gough Whitlam was one of those Australians who had no difficulty reconciling his love of classical European civilisation and institutions, with a passionate Australian nationalism and genuine excitement at the prospect of the countries of this region emerging into the world independent and strong.

One of the places he was excited about, of course, was Papua New Guinea. He was a great believer in this country - and so much that you have done since independence justifies his faith.

It is a pleasure to have the opportunity to visit Papua New Guinea again.

The occasion of this visit, the commemoration of the sacrifices made by our countrymen and women during the PNG campaign of World War II, adds to the privilege.

Australia and Papua New Guinea are close neighbours, enduring friends and partners involved in and benefiting from the world's most dynamic region.

During the past decade, the economies of North and South-east Asia have been expanding at approximately twice the world average.

Australia and Papua New Guinea are strategically positioned at the southern reach of this dynamic Asia-Pacific region.

We both know that we must seize the opportunity.

We both know that we must engage in the region as never before.

This is why, on my first overseas tour as Prime Minister, I am visiting Indonesia and Papua New Guinea.

In Indonesia my object was to restore and enliven the relationship with a close neighbour which is destined to play an increasingly dynamic role in the region and the world.

It seems to me that the degree of our success in building bridges into Asia and the broader Asia-Pacific might will be the measure by which future generations will judge us.

That is why I say strengthening our regional linkages, initiating dialogue, multiplying our common interests through widening our trading relationships - these measures will stay true to the interests of the new generations of Australians.

It will be hard work. It will require imagination and tenacity. There will be setbacks.

This is an historic opportunity - and that for any responsible government is the same thing as a necessity.

Like the region around us, both Papua New Guinea and Australia have changed profoundly since 1975, when you became independent.

Papua New Guinea has made remarkable progress in building a nation. You have held fast to the principles of parliamentary democracy, social justice and human rights, which you established for yourselves under your constitution.

It is a tribute to the people of Papua New Guinea, that the democratic process, in which you are now engaged again, remains so vigorous and competitive.

But even with your relatively short constitutional history, you, like others of us, have recognised that constitutions can always be improved. You have introduced important constitutional reforms designed to make Papua New Guinea's democracy work more effectively.

Your economy has grown and diversified. And you have taken some difficult decisions under your structural adjustment program to make your economy more competitive and to help it cope with the stresses imposed by the consequence of the Bougainville rebellion.

As a result, real GDP grew by 9 per cent in 1991, an impressive achievement by any measure.

On the Bougainville situation, I should restate here

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Australia's firm belief that the problems on that island, which is an integral part of Papua New Guinea, can only be resolved by Papua New Guineans themselves.

We hope that that resolution will be achieved peacefully, because it is only through discussion that reconciliation can take place.

Australia has made it clear that we are willing to help with the reconstruction that will be needed on Bougainville.

In the meantime we have been glad to assist with the provision of urgently needed medical supplies. We believe it is important that humanitarian assistance continue to reach the people of Bougainville. We want to work with the Papua New Guinea government to facilitate such help.

Like Papua New Guinea, Australia, too, has changed greatly since you became independent.

We have shaken off our cultural and economic torpor.

We have had to undergo sometimes painful economic restructuring.

We have had to transform our industrial and labour practices.

We have had to overcome our complacency and our prejudices, and to recast our view of the world and ourselves.

Such fundamental changes have had profound implications, not only for the structure and competitiveness of the Australian economy, but for the way we engage with our neighbours.

There is perhaps no more telling example of this than the changing nature of Australia's relationship with Papua New Guinea.

That relationship is no longer based on the persistence of old ties with the colonial past. It is based instead on the fundamental principles of political and economic sovereignty and mutual respect articulated in the 1987 Joint Declaration of Principles.

Since the signing of the Joint Declaration of Principles, our two countries have reached other agreements on trade and commercial relations, security co-operation and development assistance.

All these agreements share a common theme: they recognise the right and need for Papua New Guinea to take responsibility for its own problems, with its own resources, while signalling Australia's sustained

commitment to assisting in the development of Papua New Guinea's national self-reliance.

One of the relationship's strengths is the "habit of contact" which has developed between us.

Prime Minister Namaliu has visited Australia twice since taking office, and I am pleased to have so early an opportunity to visit Papua New Guinea.

The Australia-Papua New Guinea Ministerial Forum has become a valuable mechanism for contact between Ministers. Its broadening agenda now covers regional and bilateral economic relations, development co-operation, internal and regional security and the environment.

Our respective Parliaments have worked to develop contacts and exchanges.

But parliamentary, ministerial - even Prime Ministerial - contact is not the sole measure of a relationship. Contact between Australia and Papua New Guinea has most importantly been a story of contact between people.

That contact has left on both sides a most important legacy of understanding and goodwill.

As I began by saying, one particular aspect of that legacy is the main reason I am here. I have come to mark the achievements of Australia's forces in Papua New Guinea during World War Two, and of the Papua New Guineans, both in uniform and out, who assisted them.

That assistance has left an enduring mark on our relationship. Quite literally, Papuans and New Guineans helped to save Australia in 1942.

The Australian and PNG media have recently carried reports about unresolved compensation claims for some of the PNG carriers who assisted Australian forces in the PNG campaign.

I understand that this issue was discussed by the Australian and PNG Governments during the 1980s. Australia agreed with the PNG proposal that the PNG Government be responsible for handling any outstanding claims.

The Australian Government, therefore, feels it should not intrude unilaterally into this issue. At the same time, considering the invaluable contribution the PNG carriers made to the war effort, we are not happy if genuine claims for compensation have not been dealt with.

We suggest the best approach is for the PNG Government to advise us if there are any outstanding aspects of this issue that we need to reconsider together.

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The Australian Government's basic position is that all worthy claims for compensation should be treated sympathetically on their merits.

I will be discussing this issue with Prime Minister Namaliu tomorrow.

Ladies and gentlemen, even now, over 11,000 Australians live and work in Papua New Guinea, helping to contribute, like many before them, to Papua New Guinea's development. Many Papua New Guineans, including several ministers in the present Cabinet, have received part of their education and training in Australia.

This people-to-people contact underpins an expanding economic partnership. Two-way trade in 1991 reached a record \$1.7 billion, or more than 1.2 billion kina. This was a 48 per cent increase over the preceding year. Our trade is now roughly in balance.

Investment is another important dimension of the economic partnership. Australian investment in Papua New Guinea now exceeds \$1.5 billion. A further \$3 billion in investment is in prospect over the next 5 years.

Continued economic growth in Papua New Guinea will bring a further expansion of two-way trade as the demand for imports to underpin productive investment accelerates.

I believe there is a need to look again at the framework of our bilateral economic relationship.

Although partially revised in 1991, the Papua New Guinea-Australia Trade and Commercial Relations Agreement of 1977 has become increasingly limited and anachronistic. We need to examine wider, more reciprocal arrangements which would more accurately reflect the changing nature of our economic relationship and the economic realities of our region.

There is no more pressing problem for Papua New Guinea than the deterioration of law and order. It is so well, Prime Minister, without security, economic development cannot proceed, and without development, security cannot be guaranteed.

Australia remains committed to security and defence co-operation with Papua New Guinea. The Agreed Statement on Security Co-operation signed last year by Prime Minister Hawke underscores that commitment.

But more work needs to be done to ensure this cooperation is fully effective. In particular, Papua New Guinea needs to develop an integrated and comprehensive approach to security force reform and resource allocation.

The nature of Australia's development assistance to Papua New Guinea is also evolving.

Our two Governments are agreed that by the year 2000, all Australian aid - currently worth around \$300 million a year - will be jointly programmed to meet specific needs.

Our aid program will assist Papua New Guinea develop effective and long-lasting solutions to its problems. It is designed to help you strengthen the institutions upon which your country's future depends.

Ultimately, however, the solutions will have to be your own.

A self-reliant Papua New Guinea will be better placed to realise its aspirations and potential as a nation.

We in Australia are confident that the people of Papua New Guinea have the will and the capabilities to meet the challenges before you. Those challenges will demand adaptability, patience, careful planning and determination. But your country has already demonstrated all those qualities.

Australians, to an unprecedented degree, have begun to see their interests and their future as lying in the region. Papua New Guineans are doing the same.

Without abandoning your links to the South Pacific, you have become an observer at ASEAN meetings. You have consolidated a close relationship with our mutual neighbour, Indonesia. Your economic ties with Asia are becoming closer.

You are well placed to act as a successful bridge between ASEAN and the South Pacific Forum.

I am convinced that neither of us need fear the effects of greater engagement with the region around us.

The more we are able to open up our economies, and our minds, to the outside world, the better and more rewarding will be the quality of our own enduring links.