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THE WHITE HOUSE

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PRESS CONFERENCE BY THE PRESIDENT
AND PRIME MINISTER KEATING OF AUSTRALIA

The East Room

3:11 P.M. EDT

THE PRESIDENT: Good afternoon. It's a great pleasure for me to welcome the Prime Minister of Australia, Mr. Keating, to Washington and to have this opportunity to make a couple of statements and then answer some of your questions.

Despite the vast ocean which separates us, Australia and the United States share essential values and interests rooted in our frontier heritages, our shared commitment to democracy, our status as Pacific trading nations, and our efforts across the years to ensure and strengthen our common security.

It's a pleasure for me to have the opportunity to personally reaffirm those bonds today.

The Prime Minister and I exchanged views on a wide variety of issues. I'd like to emphasize the importance of one in particular -- the Uruguay Round of multilateral trade negotiations. We agreed that strengthening GATT's trade rules is a top priority for both our countries. As a founder of the Cairns Group of free trading agricultural nations, Australia is working closely with us to bring the Uruguay Round to conclusion this year.

So that we can achieve agreement this year, the Prime Minister and I strongly urge the European Community not to reopen the Blair House Accord on agricultural trade as has been suggested. We need to move forward not backward, to complete the Round and to give the world economy a much-needed boost.

We also discussed the importance of economic relations in the new Pacific Community that both our nations are committed to help build. We discussed the building blocks of that Community; bilateral alliances, such as the one we share; an active commitment to supporting the spread of democracy and support for open and expanded markets.

We discussed the important role of the organization for the Asian Pacific Economic Cooperation -- APEC. Both the U.S. and Australia are members. Both of us have been active proponents of regional trade liberalization. And I look very much forward to working with Prime Minister Keating to make the November APEC ministerial meeting and the leaders conference in Seattle, Washington, a big success.

Australia and the United States also share mutual security interests. Australia has been our ally in every major conflict of this century. Today we share an interest in bolstering the regions security and in supporting its movement towards democracy. I expressed my particular admiration for the crucial role Australia has played in fashioning and implementing the international effort to promote reconciliation in Cambodia. I told the Prime

Minister that we look forward to many similar partnerships in the years ahead.

This meeting was to have occurred yesterday, but Prime Minister and I agreed that we should delay it because of the signing of the Israeli-Palestinian Peace Agreement. That historic breakthrough reminds us that we live in a momentous time when the old walls of division are falling and new vistas are opening. Our success in seizing these opportunities will depend on large measure on how well the community of democracies can respond to work together towards shared goals. Today this meeting with the Prime Minister reaffirms that our two nations will continue to work together closely to turn the promise of this era into reality.

Mr. Prime Minister.

PRIME MINISTER KEATING: Thank you, Mr. President. Well, I'd like to say firsthand that our meeting was most worthwhile from my point of view and Australia's point of view, for the quality of our discussions and our close agreement on a wide range of issues I think demonstrates the vitality and the relevance of the Australia-U.S. relationship at a time of great change internationally. Let me say, I'm very favorably impressed by the vigor and imagination with which the President and his team are addressing the new challenges we now face in the world.

Australia is a country which puts great importance on its relationship with the United States. Our longstanding friendship which the President has just referred to, is based on shared values of democracy and freedom and, as he remarked, we fought in five major conflicts together over the course of this century. And in the post-Cold War period, I'm happy to say that our alliance remains very strong, indeed. In commerce and diplomacy we do a great deal together.

I was impressed in our discussions today by the priority which now attaches to fundamental questions of international trade structures. I welcome the strong support that President Clinton has given to APEC as an organization for promoting trade and investment in the Asia-Pacific area. I congratulated him on his truly historic initiative of inviting other APEC leaders to join him at an informal meeting in Seattle this November. This will allow APEC leaders to discuss ways of moving towards an Asia-Pacific Community which brings benefits of closer economic integration to all members. This step also recognizes the increased importance of the Asia Pacific in world affairs.

We agreed on the importance of achieving a successful and balanced outcome of the Uruguay Round by the mid-December deadline. No other joint action by governments this year could do more to boost the prospects of world growth and jobs, both subjects which the President and I are intensely interested.

We agreed that any move by the European Community to reopen the Blair House Accord on agriculture seriously risks jeopardizing the whole Uruguay Round. The Blair House Accord already represents a minimum outcome acceptable to those countries seeking to establish fair rules of trade for agriculture.

Finally, I should like to thank the President for his gracious hospitality and to congratulate him on the leadership he is showing on the United States international and domestic agendas.

Mr. President, thank you very much for having us in the White House from Australia. And we appreciated the arrangements, particular the difficulties of the -- the opportunity presented by

THE PRESIDENT: Terry, I'd like to call on you first, and then if we could, I'd like to alternate between one question from an American journalist and one question from an Australian journalist. So we'll have to go on the honor system, although I think most of the Australians are here, on the right.

Okay, Terry, go ahead.

Q Mr. President, you said today that you don't want to personalize the NAFTA fight, but I'd like to ask you about remarks made today in this room by Presidents Carter and Bush. They both spoke about demagoguery in NAFTA, and President Carter spoke about a demagogue with unlimited financial resources, obviously Mr. Perot. Do you think that Mr. Perot is playing loose and fair with the facts?

THE PRESIDENT: Well, I'm going to reiterate what I said before. I don't want to -- I am for this agreement because I think it will create more jobs. I think anyone who wants to enter the debate should do so. I think we should be very careful if we make -- that if we make an assertion that we know that it has some factual basis. And if any of us make a mistake we ought to say so.

You know, my office has already put out a statement because I inadvertently made a factual error today -- not a big one, but it was an error, and we corrected it. And I just think that the people of this country and of most of the wealthier countries in the world have seen such enormous pressure on the middle class -- our folks have really been hurt -- that they want this to be an open debate. But we don't need to prey on their fears, we need to really work through all the various arguments and the issues and the facts. And then I'm going to do my best to do that and I'll be glad to argue, debate or discuss with anyone who has a different opinion. But I think, as President, I should take the position that I'm going to try to bring this country along with this and leave that other business to others to fight.

Someone from Australia -- yes?

Q Mr. Clinton, could you comment on Australian concerns that the U.S. push on human rights in countries such as China and Indonesia could threaten Asia-Pacific economic cooperation? Could Mr. Keating also comment on that? And, Mr. President, could you also flesh out exactly what you want to see coming out of the leaders summit in Seattle in November?

THE PRESIDENT: Let me mention, first of all, the United States does have a very strong position on human rights, and I think we should. I also think your government has a good position on human rights, which it has not been reluctant to express in dealing with other nations. But that has not undermined our relationships, commercial relationships and political relationships with countries that we think are making an honest effort to shoot straight with us and to work with us.

You mentioned Indonesia. I went out of my way to ask President Soeharto to come to Japan and meet with me when I was there, because he's the head of the nonaligned nations. Indonesia, I think, is one of the most underestimated countries in the world. Most people have no idea how big it is, that 180 million people live there, that it is a vast, enormous potential partner in a global economy.

We have questions about the issues of East Timor, as you know, and I think you do, too -- your country does, too. But we have had good contact with Indonesia. With regard to China, the United

Chinese economic revival. We have very strong commercial relationships with them.

But it is our responsibility in the world in which we live, I think, to try to restrain the proliferation of weapons of mass destruction, to try to stand up for human rights, and to try to engage the Chinese across a whole broad range of issues, so that we can't simply have a commerce-only relationship.

I am going to do what I can to build the Pacific Community and not to undermine it, and that's what your Prime Minister spoke so eloquently about today.

I think you wanted him to comment on this, too.

PRIME MINISTER KEATING: Neither the United States nor Australia will ever compromise its shared sense of democracy, its commitment to human rights and the respect of human values. And we put them forthrightly wherever we see those values under threat or seeking to be compromised. And this is true in Australia's case with Indonesia. It's been true in respect of China, as has been the case with the United States.

But I think it's true for me and I'm certain for the President that we see these issues as part of a total relationship where we seek to have an influence on these countries and where the influence may be diminished if the totality of the relationship only involves the human rights questions, and beyond that, that is on these other issues like proliferation and other issues and commercial questions, where the relationship must be seen in its totality.

Q Mr. President, a day after the historic signing ceremony here on the South Lawn yesterday, the Israelis appear to be establishing a relationship with Morocco, a formal relationship, and there is this agreement between Israel and Jordan. What specifically are you doing now to try to promote the establishment of formal diplomatic relations between Israel and other Arab nations -- Saudi Arabia, Kuwait -- good friends of the United States? And do you think that is in the cards in the immediate future?

THE PRESIDENT: Well, let me first say that I am very, very pleased that Prime Minister Rabin and Foreign Minister Peres have been received by King Hassan in Morocco. When we learned of this development yesterday, and we talked about it in some detail -- Prime Minister Rabin and I talked about it -- I was very pleased, because I think the King may have set an example, which I hope other Arab states will consider following now to try to continue -- just to establish dialogue.

We are at this moment focusing on three or four aspects of what we can do to implement this relationship. One is, what about all the practical problems that are still out there. You know, elections have to be held. There are a lot of other -- economic endeavors have to be undertaken in the Gaza and there are lots of things that just have tp be done practically. So we have a team now looking at all these practical problems to see what can the United States do to facilitate this.

The second thing we're doing is looking at what we can do to try to organize an appropriate level of investment. And in that regard, we're looking primarily at maybe having a donors meeting and trying to bring in the interested European countries and Asian countries and Arab countries to talk about how we can put together the kind of package we ought to have.

Yesterday, I met with a couple of hundred American Jewish and Arab leaders from around the country and I asked them to participate from the point of view and private sector and

partnerships and helping to develope these areas so we could really move this relationship forward.

And then the third thing that we're going to do is to discuss on a political level what we should do to try to facilitate further political contacts. The announcement between Israel and Jordan today is very helpful. And I hope that will give further encouragement to other Arab countries.

Is there another -- yes?

Q Mr. President, you made a very eloquent appeal for support for your NAFTA proposals today, asking for the middle class to understand what it could provide in jobs for your NAFTA initiative. Yet you're still providing massive subsidies -- $90 billion a year in the agricultural sector. When are we going to see some change in that? Because that is hurting free traders like Australia.

THE PRESIDENT: I'm sorry, I didn't hear -- change in what?

Q Your agricultural subsidies, particularly the Export Enhancement Program.

THE PRESIDENT: Well, perhaps the Prime Minister would like to comment on this, too, but what we are trying to do with the Export Enhancement Program is to have it run, if you will, only against or in competition with countries that have done things that we believe constitute unfair trade by governmental action. That is we intend to do what we can to avoid using the program in ways that undermine Australia's interests. And we're going to work very hard on that because Australia basically is a free trading country in agriculture.

And in a larger sense, if we could get a new GATT agreement that includes agriculture, that would be of enormous benefit to Australia, to the entire Cairns Group, and to the whole principle of reducing subsidies in agricultural trade and opening up more competition.

So I think if you will just watch the way that thing is applied, that program over the next year, you will see that we are going out of our way not to have it conflict with the trade targets and interests of Australia, which is a country that does practice what it preaches in terms of free trade and agriculture.

Q Mr. President, what is your estimate now of how many jobs would be lost -- net jobs lost -- under the North American Free Trade Agreement? And what -- can you better describe your proposal for reemployment? Is it job training, are they subsidies? What kind of proposal --

THE PRESIDENT: First of all, we are convinced -- our administration is convinced that net more jobs will be gained than lost. If we didn't think that we wouldn't be pushing it. But we know that some jobs will be lost. How many will be lost really depends upon things that are almost impossible to calculate. Let me just give you one example. We know right now that certain agricultural sectors will be helped and others over a period of time will lose some of their tariff protections in America over a period of several years. We know right now that certain manufacturing sectors, particularly high-end manufacturing sectors -- higher wage, more sophisticated manufacturing will be helped. Other manufacturing will be subject to more competition and fewer import limits.

somewhere else and will then use American products. Let me just give you one example. Someone told me yesterday about a company that's making toys now -- no offense, Prime Minister -- in China that intends to open a plant in Mexico because it will cost so much less to send the toys from Mexico to the U.S. than China to the U.S., and if they do, they will all of a sudden begin to buy all their plastic, which is over 80 percent of the component parts from Dupont or some United States company.

So it is hard to know how many jobs will be lost. Net, we believe, there will be a big plus. But there will be jobs lost. There are now jobs being lost in defense cutbacks. And what I want to do is to completely reorganize the unemployment system into a reemployment system in which people who lose their jobs who are not likely to get that same job back within a reasonable amount of time can get a wide range of training opportunities based on two things: What do they want to do, first? And, secondly, based on the best information we have, what are they most likely to get a job doing?

And so, we are now -- the Secretary of Labor is designing a program; we intend to present it to the Congress, and I think it will have broad bipartisan support.

Q How will you finance it?

PRESIDENT CLINTON: Through economies -- we plan to finance it now through economies associated with implementing the Reinventing Government report.

An Australian journalist. Yes, sir?

Q You've just acknowledged that some of the gains of NAFTA might be at the cost of East Asia. How do you see NAFTA, which seems to be essentially a preferential arrangement within the North American context, being able to operate within that broader APEC framework, which is meant to be nondiscriminatory?

I would ask Mr. Keating to also respond, please.

PRESIDENT CLINTON: If you look at it from our point of view, what we're trying to do is to further lower our trade barriers against Mexico, and they're going to lower -- and against Canada -- they're going to lower more of theirs against us. That's not inconsistent with what my overarching goal is, which is to get a freer trading system worldwide, which is why we're pushing the GATT Round.

But, meanwhile, it is very much in the interest of the United States to have a stronger, more stable, more democratic and more prosperous Mexico on our southern border, able to buy more of our products. And most of what we do there would have marginal or no impact one way or the other on anything that could happen, for example, in Southeast Asia in the next four or five years.

I would also say that if this works, what I think you'll see is more open trading systems and fewer tariffs in many other Latin American countries which are changing politically and economically as well.

So I am not for a discriminatory system, but what I am trying to do is make those systems less closed in their relationships with us now in the hope that over the long run, the GATT Round and the worldwide trading rules will really come to dominate the trading policies of all nations. And then, when we have regional groups like APEC, they'll be for the purpose of putting more arrangements

PRESIDENT CLINTON: Yes, would you like to answer that?

PRIME MINISTER KEATING: I don't think that there is anything necessarily inconsistent between either the United States trading into the Asia Pacific, Canada trading with the Asia Pacific, or Mexico trading with the Asia Pacific individually or collectively as part of NAFTA. I think what is important in terms of the view of the Asian economies -- Asia-Pacific economies of NAFTA is that there is perhaps more flesh on the bones of APEC before NAFTA goes beyond Mexico, perhaps into South America. But the concept of NAFTA integrating with the Asia Pacific is one where I don't think there is any conflict of concepts. And as the President has said, both things are going to increase the velocity of trade, both within the Americans and within the Asia Pacific.

Q Mr, Keating, could you tell us if you've determined who will represent China at the APEC -- at the leaders conference that follows the ministerial meeting, and if you've given the President of any idea of other issues that might be discussed at that time, and what the objectives actually are at that conference?

PRIME MINISTER KEATING: Well, I think the President naturally is the host of this conference and, therefore, the invitees and the acceptances are primary a matter for him. But I know that China is now considering who they might send.

The key thing about the conference is that it provides definition to a new economic -- world economic community. And that is the Asia-Pacific economic community. So by having a leaders conference, by the APEC member states attending at leadership level, it's providing a definition of that area that formally wasn't so.

APEC, in terms of its intrastate trade, is, in fact, more integrated than is the European Community or even NAFTA. So there's a great naturalness about APEC, and I think the President's historic initiative of inviting the leaders together gives its form, substance, and as we ourselves adopt an agenda, a work program for the trade-liberalizing agenda of APEC. Not only is that body having form and definition, but it will actually proceed along the path of trade liberalization, the very thing that the President is committed to.

THE PRESIDENT: If I might, let me just say, first of all, on the economic issues, Asia is the fastest growing part of the world. Latin America is the second fastest growing now. About 40 percent of our exports are now going to Asia. And about -- more and more of our trade-related jobs are tied there. It is a very important thing that we are not only hosting this economic conference that -- and the Prime Minister has been too modest. He played a major role in convincing all these countries that their leaders should come to Seattle to be a part of this. But the fact that all these leaders are going to come here and we're going to have a chance to sit one on one and in groups with no sort of bureaucratic apparatus, not preset agenda, nothing to weigh us down, and talk through a whole range of economic and political issues, is an enormous opportunity for me to follow up on what we did at the G-7, where we reestablished clearly and publicly the dynamics of our relationship with Japan, which we're working on now; our security obligations in Korea.

Now, we'll have a chance, I'm not sure a United States president has ever had before, to talk to the leaders of all these countries at one time and to try to map out an agenda. But I don't want to prewrite what's going to happen there because it might get a little better as we go along.

THE PRESIDENT: Well, we don't know yet. But I'm hoping that they'll be very well represented and I kind of think they will be.

We owe the last question to an Australian journalist because we promised 50/50. Go ahead.

Q I appreciate it. For both of you gentlemen, do you see that the NAFTA --

THE PRESIDENT: He's not an Australian journalist. (Laughter.)

Q No, for the ABC -- the Australian Broadcast Corporation.

THE PRESIDENT: Oh really? Okay, go ahead. (Laughter.)

Q You talked a lot about --

THE PRESIDENT: I thought we'd get an American trying to mimic an Australian accent. (Laughter.) I didn't realize we had -- go ahead.

Q You've talked a lot about the NAFTA process and GATT. And for both of you, do you see any positive impact of having the alternatives of NAFTA and GATT -- having alternatives of NAFTA and APEC for the GATT process? Is there a certain political leverage that you get out of it? I believe Mickey Kantor had -- Ambassador Kantor had talked about that during one of the congressional hearings. Is there a positive impact going back to the GATT process?

PRIME MINISTER KEATING: Well, I think APEC and NAFTA, too, end up being GATT-plus options. They are GATT plus. But in the event that GATT did fail, they do define themselves as freer trade areas. In the case of NAFTA, in the case of APEC, defining an area which has got enormous mass, an enormous weight -- economic mass and economic weight and economic growth. So the United States looking into that -- all of us looking into that, lifting the velocity of that means that in defining a new economic and trading community, in getting that growth up this is at least some alternative than where we'd have been in the unhappy position of the GATT Round failing.

Now, frankly, I don't think the GATT Round will fail. I don't think the Europeans can let the French decide that the world's trading round should fail. I don't think the French will want to carry the odium of the round failing at their expense. And therefore, I believe there's much in the GATT Round succeeding.

But I do see NAFTA and APEC as GATT-plus overlays or overlays to the GATT. But you can also see them in place thereof in part as discrete area communities where we can all benefit by freer trade.

Q (Inaudible.)

PRIME MINISTER KEATING: Well, I think you've got to say this, that APEC equals growth, equals jobs. I think NAFTA equals growth, equals jobs. And that's the point the President was making earlier.

THE PRESIDENT: I couldn't give a better answer than that. Thank you very much.

THE PRESS: Thank you.