



PRIME MINISTER

TRANSCRIPT OF PRESS CONFERENCE - PRIME MINISTER, THE HON. P J. KEATING, M.P.
AUSTRALIAN EMBASSY, WASHINGTON, U.S.A.
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PM: Let me just say at the beginning that I'm very satisfied with the outcome of my visit to Washington. The visit has been, I think, very important for Australia because we've been dealing here with fundamental questions which have a big bearing on Australia and its future prosperity. And these of course are APEC, the Uruguay Round, Australia-U.S. relations and the U.S. role in our part of the world.

It's important to put a lot of effort into getting these big questions right because so much will depend on them in the future. As I said to you earlier, the timing of the visit has been excellent because the very things Australia wants to talk about happen at this time to be high on America's own agenda. This is a very favourable circumstance, to have this, when I'm visiting here as an Australian prime minister, in Washington.

Throughout my visit I have been impressed by the priority which currently attaches in Washington to fundamental questions of international trade structures. The administration is taking a very strong interest in APEC and economic opportunity in East Asia and there is a lot of concern here about the impact of the Uruguay Round of reported French moves to reopen the Blair House Accord. And the United States administration and Congress are now starting to focus seriously on NAFTA (North American Free Trade Agreement). It's very important to be here now to put Australia's point of view and represent our interests on these important questions which will, of course, be important to us for a long time into the future.

The centrepiece of the visit, of course, was the meeting and working lunch today with President Clinton. I'm very pleased that we got on well and established, what I am sure should be a strong working relationship. I found President Clinton to be very charming indeed and with an impressive grasp of policy and a public spirited, interested, open personality. As well as affirming the importance both sides attach to our bilateral relationship our meeting produced three important results. The first is we agreed to work closely together for a successful outcome of the informal APEC leaders' meeting in Seattle in November, in such a way that the meeting itself takes the historic step of

defining an Asia-Pacific Economic Community - and gives political authority and weight to APEC's work.

Secondly, we agreed that it was very important to world growth and jobs to achieve a successful and balanced outcome of the Uruguay Round by the mid-December deadline and that any move by the European Community to reopen the Blair House Accord on agriculture would seriously jeopardize the whole Round. This sends, I think, a very strong and, I hope, a very clear message to Europe. Thirdly, the President and Ambassador Kantor each recognize Australia's concern about the damage that the EEP subsidies cause our grain exports and said they would make every effort to minimise the effect on Australian interests. They cited, for example, their decision to stay out of the Indonesian market as a bona fide of their sincerity in this regard. They explained that, of course, the EEP was aimed at counteracting European subsidies and that the only fully effective way to reduce the impact on Australia's grain exports was to conclude the Uruguay Round as soon as possible.

I might also say that all my other meetings were also worthwhile. I was particularly pleased with the very attentive response I received on Capitol Hill from both Senate Leaders and the Leaders of the House of Representatives. The main messages I emphasised were the continued relevance of the Australian-U.S. relationship, the great economic benefits which were now available to the United States in the Western Pacific; and the importance of establishing institutional structures to secure benefits of the variety we're talking about, like APEC.

So having finished my program in Washington I must say to you that I think I am pleased with the results. It's clear that Australia's standing is very high in this city and that we're regarded as an important friend and ally of the United States. And naturally I should be happy to take questions.

J: Can you explain how you expressed your concern over the U.S.'s human rights position and what was your motivation behind raising it?

PM: Just as I think how the President expressed his view today. I think if you read the transcript of what I said and what he said you'll find that it is exactly the same view. That democracies like Australia have a lot to offer the Asia-Pacific area and our standards and values are important - not just to us, but to them. And we put them and should put them tellingly, forcefully - but see the totality of these relationships for what they are. That is, representing a whole range of issues. As the President said, this afternoon in respect of China with proliferation issues; in their terms with very major trade issues and recognising the central point that, of course, one can not influence whatsoever, sidelining the very large societies if one were to take that view.

Now, Australia has never taken that view and because of that we're more influential in these matters than countries that might take the view that they can't deal with them over human rights.

J: But we were led to believe, Mr Keating, that you told specifically the Congressmen on Capitol Hill and Mr Kantor that you would like to see some more balance in the way the U.S. deals with bilateral frictions - particularly with regard to human rights and specifically you mentioned Indonesia and China.

PM: Not see more balance but basically say.... what I said was the balanced way that they're dealing with them is the right way.

J: But don't we have a different view on how we relate trade policy and human rights. The U.S. has trade sanctions against China, and now Indonesia over human rights. Australia does not do that. And presumably because we are a smaller country we don't have the - don't have more to lose than the U.S. Don't we have a difference with the U.S. over....

PM: I don't think so, Again I refer you to what the President said today. You can get no greater authority than him, himself, and the expression which he made at the Press Conference - which I think was square on with our own view.

Mr Keating, can you tell us a bit about what you have to do between now and November on behind the scenes work on making sure that APEC is a success. What is the least that you hope will come out of that meeting, and what is the most?

PM: Well, the first thing would be a good attendance at the meeting; that it is attended at a high level, that the very attendance (as I said this afternoon, helps to define the Asia-Pacific Economic Community) and that we have some understandings before we arrive about what the process of the meeting might be, how it's conducted and what we can expect to glean from it in terms of APEC's future program and progress.

J: Will you be seeking to enshrine that definition into some sort of Communiqué at the end of the meeting?

PM: I think we'll leave that up to the meeting, probably. It's a, I think the view the President's taking - which I think is wise - that we don't want a pre-cooked meeting. That is, with papers that are floating around which have all been negotiated and which basically get a rubber stamp at the end. And that is why his preference and my preference is for the leaders to attend without staff but only with interpreters. So that it is a genuinely informal discussion about the Asia-Pacific and about opportunities and trade

opportunities. And that if we do produce any statement of principles or any communiqué that may follow it, it's something that will be put together there by the people involved.

J: ... Asia Pacific Economic Community what do you mean - I mean how would you see the Community working in practice?

PM: Well, it's already more integrated - if you look at the APEC countries their trade with one another already has them at a higher level of integration than the European Community or NAFTA. So, the attendance of the leaders of these countries and the membership, the membership of APEC - the confirmation of the current membership of APEC at leadership level - and for its agenda which will be a trade liberalising and trade inducing agenda means that as a group of countries it is defined and it can only be defined as an economic community of countries. So that the integration we already have, which is already high, we hope to be able to improve and to improve the velocity of growth and trade. So that everybody wins from an APEC-type arrangement.

J: Are you and Mr Clinton confident the three Chinas problem can be overcome?

PM: I think that that's likely that China will attend and that is currently being discussed, of course, and hopefully they will attend at a very high level.

J: You mentioned in your 8 February speech a much wider agenda for APEC than had been previously put forward. Has the U.S. administration - and particularly President Clinton - embraced those points and any of them specifically in terms of the November meeting?

PM: Well, I think they see that general direction as the right direction, whether every particular point is embraced or not, in a sense, is immaterial provided the general direction is one where we work at ways of lowering impediments to trade and investment. And whether it be through dealing with protective devices, non-tariff barriers or harmonisation of standards, these are all things which I think fit very nicely into most of the participant member countries' ambitions for APEC.

J: How seriously should we take President Clinton's assurances on the EEP? As seriously as we took George Bush's or does he go beyond that?

PM: Well, I think the important thing to recognise is that the Export Enhancement Program is legislated by the United States Congress. So it has Congressional authority and it is legislation. The key thing then is how it is administered. What the President was saying today was giving you an indication of how he would administer it - as he had earlier given me at the lunch, as we discussed this question at some length. And that's why I think he was very forthcoming at the press conference in what he had to say about

it. And he had indicated earlier that the U.S. staying out of the Indonesian market was already an indication of how the U.S. feels towards Australia in terms of the EEP, but making the more obvious point that the best way to deal with it is a successful conclusion of the GATT Round, which is about pulling these subsidies down. And the Blair House Accords - so, you know, his commitment today is in that context and I think we have to accept it in that context.

J: Prime Minister you described APEC and NAFTA as a compatible GATT overlay. In the event of the Uruguay Round not going ahead can you see these two discrete area communities in some way merging into a big compatible trade grouping against the EEC?

PM: Well, that's certainly not envisaged at the moment. And I think that it will take, in practical terms, many years to affect a trade liberalising and harmonising agenda within APEC and also no doubt, within NAFTA. I don't see any profit in speaking of APEC as a protective grouping. Because I think the greater opportunity exists in openness in trade and I don't think we should assume, at this stage anyway, that the GATT Round is going to fail. We are coming towards the end of the fast-track deadline which the Congress has given the President, of December 15, so the weight is on as far as GATT is concerned. Hopefully we'll get an agreement on the GATT but the GATT doesn't deal with non-tariff barriers and its going to take more than the GATT to deal with that anyway. So, we've got to think of ways of dealing with some of these other problems and frankly when you look at a lot of the APEC economies many of the devices are frankly hurting themselves. And when I think that people understand that they will pitch in and commit themselves to a broader agenda.

J: Mr Keating, with the easing of Cold War tensions have the Americans at all implied that they might want to reduce the scale of their intelligence and defence operations in Australia?

PM: Well, the Americans are doing what is called a bottom up review of their whole defence structure as a result of the Cold War and obviously there will be a somewhat smaller core force than they have largely had over the intervening twenty or thirty years. And that will probably mean a reassessment by them in terms of intelligence collections and what they think is worthwhile and what, if you like, methods of collection are important to them. I would tend to think the Australian facilities will still have relevance to the United States a long time into the future. Even if, in some primary way, their intelligence gathering shifts.

J: Mr Keating, in any time in your discussions with the Americans did you tell them that their agricultural subsidies when compared with their free trade rhetoric, were hypocritical?

PM: No, because the Americans have been the largest, most burly sentry at the gate of free trade for the last seven years through the GATT Round. So there's not much point in saying to a real ally on this question that they are being hypocritical, because I don't think they are. They've taken up EEP and some of these agricultural subsidies in defence of their position in markets against the European Community. But they know that it's distorting their pattern of agricultural production and their budget and that is why they are very committed to the Blair House Accord - to bring those price and volume levels down in subsidies. So, that happening, all these other things will in a sense, take care of themselves. So the key point is to succeed on the GATT and to do things which help the GATT to succeed, bearing in mind we've had a substantial, again, commitment on the Export Enhancement Program.

J: President Clinton said today that America would go out of its way to avoid hurting Australia's trading interests. Do you take that as a stronger commitment than they have made in the past on that?

PM: Well it's quite a specific commitment, that's what is important. It is a specific commitment and it is one which he reiterated to me at some length over lunch and one which, I think, having thought about it he was prepared to reiterate in public later.

J: Do you have in your own mind some timetable for the development of APEC? How it might develop over the decade and do you have any idea how it might be prevented from becoming rather open ended and just going on and on and on for several years without making the sort of progress that we might want.

PM: Well, it's developing at a very fast pace. I mean, to take this thing from its infancy in 1989 to what it will be, I hope, by the end of this year is the development of a body of this dimension in, one would have to say, very quick time. And, therefore, I don't lament that we're not going fast enough. We are going quickly enough and were we to go any faster we would not be getting the appropriate commitment or consensus amongst the member countries that will materially advance APEC's cause. So I don't think there should be any concern about any tardiness in developing APEC and it sort of drifting on. I think there's been a lot of focused attention by major powers - the U.S. in particular - Japan, Korea and the ASEAN countries and as well as other large players like China.

J: In meeting with President Clinton you talked about the importance of establishing a personal relationship with him. How did you find him as a man in the meeting today?

PM: Well, I gave you some indication in my opening remarks. I think that I found him interesting, charming - an engaging fellow who obviously is in the business of doing good public works. That is, looking for good outcomes, trying to push U.S. policy

in the right directions for good reasons and that sort of openness and public spiritedness. One would have to find that comforting in any context given that the President of the United States has such a pivotal role in international policy and the leadership of the world in many areas. To find someone so interested in policy so much at ease with the intricacy of policy and looking for good outcomes simultaneously is, I think, quite comforting for anybody let alone another head of government.

J: Is he your sort of President?

PM: Well, it's not a matter of saying whether he's my sort of President. I think that the United States has done very well in finding Bill Clinton as it's President. And this - his thoughtfulness and openness is just what America needs, I think, at this time to engage some of these big questions, to set up the strategic directions, to look at the big picture and to follow it through to logical conclusions.

J: You did speak today about the need to put flesh on bones of APEC before there's an expansion of NAFTA into South America. Are you worried that unless APEC gets some sort of a move on following your agenda that America's interests will tend to be drawn southwards rather than into Asia?

PM: No, if you look at the North American economies and the pecking order for membership of NAFTA in South America, it's not going to dramatically change the weight of North American GDP. But it is going to extend opportunities into South America. There is a view in Asia that NAFTA has an introspective, inward looking quality about it. That is a view. What I was saying today is that if we put some flesh on the bones of APEC so that it is clear to those countries that APEC is actually developing sensibly, properly, expeditiously there'll be less concern about NAFTA and its directions.

J: How important is it that APEC is institutionalised at a leaders' level? And also do you foresee any problems in the future where United States human rights policies could cause some trouble for APEC members?

PM: Well, I think it is very important that APEC is institutionalised. Because without the authority of the leaders of the governments of the member countries it won't get the agenda it deserves. It won't get the political horsepower it needs to break through some of these problems. And, so apart from the utility of actually getting the job done it also gives it status and weight which I think is important to it. On the human rights question I don't see that it would be any larger a problem in an APEC context than it would be in any other context.

J: Prime Minister the Congress has expressed a view about the Beijing bid for the Olympics. Was that at all raised in your talks, either yesterday or today?

PM: No. No it wasn't.

J: (inaudible).....President Suharto attending the APEC meeting. Are you hoping to provide some sort of link into the East Asian caucus there and how are the talks progressing with Malaysia and Indonesia on APEC?

PM: Well, O.K., I think. Certainly with Indonesia. President Suharto has played a very important role in the acceptance of APEC within the ASEAN group of countries and his attendance itself is important. And he can play a further role, I think, in seeking to define APEC's directions and indeed, doing so speaking on behalf of the ASEAN group of countries. So, I do see his role as being fairly important - it has already been, to APEC - and to the development of leaders meetings which I think has been facilitated or helped in part by his very clear acceptance of the need for them and his attendance.

J: The lack of discussion here about the security angles of Australian-American relations reflects the state of the world but could you give us some idea of what you and Mr Aspin talked about in your meeting? Particularly what you see now as the main security issues in the region for America and Australia.

PM: Well, I made clear to him that the alliance that we have between Australia and the United States is a key part of our defence and foreign policy stance. That we have a long term relationship obviously, and that relationship is doing as well today as it has ever done. But that said, we'd also had our own Force structure review in the middle 1980s. While we could not have anticipated the expeditious completion of the Cold War, if you like, end of the Cold War and that change. Our Force structure review was actually set up as though, in some way we knew that was going to happen. And the result that came from it gives Australia a more independent defence capability and capacity than it would otherwise have. But that's part of, still, a broader defence and foreign policy relationship with the United States in the region.

And I suppose our general message to the United States is, that while these bilateral defence treaties matter - to the region and to the United States - they will matter more if the commercial relationship is thickened-up. That is, if the trade and investment links in the area continue to improve, particularly between the U.S. and the region. So, the old notion that the British had that where the flag goes the trade will follow is now - I think you're seeing the converse of that - where the trade goes the flag will follow. That is, that the defence and strategic relationship can actually dovetail in, complement a broader trade and investment relationship.

J: On a defence related issue, did you and the President talk at all today about the New Zealand nuclear issue and do you detect any softening on the U.S. part - any desire to change the strategic isolation situation?

PM: No, the President and I didn't. But I did with Secretary Aspin and I think our position on that is as it has been of late. That is, that we look forward to New Zealand returning to full ally status under ANZUS and we in Australia would encourage that happening as indeed, so would the United States. But I think we have a common view that it won't happen and shouldn't happen - that is, a return to full ally status - unless and until New Zealand accepts the obligations of that status.

J: If not on the strategic then what about on the political issue. Do you see the U.S. softening their position about elevating political ties with New Zealand?

PM: Well, I didn't press Secretary Aspin on that but I think that the United States does have a very common sense view of this. They are leaving an ambience about this that encourages or leaves open the option for New Zealand to return to this kind of situation or status which they formerly enjoyed, and would encourage them to do that. So I don't think the United States will be doing anything at the political level which discourages that.

J:(inaudible).. link between defence and trade. Did you propose at any of your meetings that Australia and the U.S. share intelligence gathered at the joint bases, with some of our Asian neighbours?

PM: No.

J: On the GATT, the agreement with you and President Clinton to call on the French not to do what they look like they are going to do. Why should that make any difference?

PM: Well, I think the Europeans have got to understand that an acceptance by them of French argument about the Blair House Accord - a view on the part of France that it seeks to open the Blair House Accord - means that the fast track schedule of December 15 is likely to leave the United States without the legislative authority to conclude the Round. And that an unwinding of Blair House places onus and responsibility on the French in particular and the Europeans in general for the problems the Round would then have - its likely failure. And to say that we regard an unwinding of the Blair House Accord as unacceptable. They are a minimum set of standards, a set of minima agreed beyond which, we believe, we should not go. And having been agreed that it is now inappropriate at this very late stage in the piece for the Government of France to try and undo them.

J: When is the soonest that you think Australia can hope for a total abolition of EEP?

PM: Well, again, you asked me a question earlier about this. I see EEP in the context of the Uruguay Round and the remedy to these kinds of intrusive trade subsidies as being a general solution to trade which can come from an international response. So, all the more reason why I think that Blair House needs to be maintained. And if it is maintained then the Round can be concluded within the December 15 deadline.

J: But there would obviously be a lag between a successful Uruguay Round and any winding down of EEP. So what's the timeframe as far as..?

PM: I've not had any discussion about that.

J: (inaudible)...subjects you covered with Mr Clinton. And did you discuss Health, for instance?

PM: We discussed the Australian health care system. We discussed Australian social policy. We discussed the Australian corporate tax system. We discussed other social innovations like the Child Support Agency. He was very interested in the way in which these agencies have been developed over time - these innovative things we've used the Australian taxation system for. Dividend imputation and its influences on the equities market and on the investment. The utility of our health insurance system and how it works. It was quite an interesting lunch time conversation over all these issues.

J: Mr Keating, a few days from today the Olympic bid will be open. What do you plan to say in your final pitch in Monaco to sway anybody who might still be sitting on the fence, about whether Sydney is the best place for the Olympics?

PM: Making the obvious points about Sydney and its being the most superior of the bids in technical terms. That Sydney is the - at this time - arguably the best bid, that Australia is a country which has shown more than its share of the Olympic spirit. That it has been in it for the sport of it and the Olympic ideals and that as the year 2000 is obviously going to be the era of the Pacific, Sydney is the right choice.

J: There was some talk around the White House today that China might get the bid because it is more politically correct. That people need Chinese trade more than Australian trade. How do you counteract those arguments?

PM: Well, I think there has to be in the minds of the Olympic Committee the need to keep the integrity of the Olympic movement clear in terms of the process of selection and the motivation of the selection. And that geopolitics is not the business of the International Olympic Committee. Its business is selecting host cities for the Olympic Games and that should go to the interests of the competitors and the interests of the