



PRIME MINISTER

**TRANSCRIPT OF INTERVIEW WITH THE PRIME MINISTER, THE HON P J
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GD: Is the decision to have another summit in Jakarta next year a sweet victory?

PM: Well, I think, rather than a sweet victory I think it's a very pleasing achievement to see Australian diplomacy reach the point where it has taken the interests of not just the United States but most of the major countries of South East Asia and North Asia, to come together over this weekend to form, for the first time, a meeting of the APEC leaders - and to agree that the meeting was so successful as to go on again and do it again.

GD: But, doing it again does roll over some of the scepticism that was coming from some of the Asian leaders coming into this meeting, doesn't it?

PM: Well, yes, it may well do. But, I don't think there was so much scepticism as there was some caution, about APEC. As I've said before, there's no road map with APEC, this is all new so people have got to try and find their way around where it's leading from an information secretariat, which it first was, to a body which is drawing a lot of executive power and a lot of executive attention. I think the people have convinced themselves that it is very much in their interests that the largest economy in the world, the United States, and the second largest economy, Japan, and one of the emerging economies, China - for the three of them to multilateralise themselves, that is, to subject themselves to disciplines and dispute settling mechanisms of an organisation like APEC is... there is a recognition that they have given something up for something greater.

And, hence, a willingness on the part of the rest of the countries involved to take this at face value and to take it on for the very important body that I think it will become.

GD: In terms of the Malaysian fears though, about APEC overshadowing ASEAN, ASEAN has had about four summits in about 25 years, you're looking at getting two APEC summits in five years - is that proof that APEC is growing very quickly?

PM: I think APEC has grown very, very rapidly but I think it needs to. That is, that the growth of the Asia-Pacific, which is important now to all of us, does have bottlenecks about it. We've had spectacular growth of quite small economies - spectacular growth of, in some cases, small levels of activity. So, you can get very high growth. As these economies get larger it is not so easy to continue these growth rates and there will be bottlenecks in infrastructure, in power, in hydrocarbons, in all sorts of things. And, I think that is where some general attention, on the part of major governments, to these questions can continue to see growth, or will facilitate growth, into the future. I think most of the APEC constituency recognises that and knows that to be important and needing to be addressed.

GD: How much further has APEC moved towards becoming a policy making body?

PM: Well, the fact that it has, sitting in its leadership group, the President of the United States, the Prime Minister of Japan, the President of China, the President of Indonesia and other heads of government, means that it has an enormously powerful set of sponsors. And so, therefore, it can undertake executive tasks and it can get them done.

GD: Because of those sponsors is APEC going to be able to drag along the doubters, such as Malaysia which talks about Australia being too extreme, pushing too hard trying to get an Asia-Pacific community and free trade?

PM: Well, look, Malaysia is represented ministerially at this, I think it would have been better in Malaysian terms had the Malaysian Prime Minister come. But, again, that issue was decided some time ago, it took no attention this weekend whatsoever. APEC is going to be bigger than any one of its constituent members and that includes Malaysia.

GD: The vision statement that you put out talked of a new voice in the Asia-Pacific, a new voice on the world stage. What sort of voice do you think it is going to be?

PM: Well, APEC's not going to be a European Community-type structure, it's not going to be a Brussels-type supra-national organisation that makes decisions for national governments. It's not going to be that, there's going to be no Treaty of

Rome equivalent or Maastricht Treaty or the endorsement of those treaties by nation states. It will be a much looser, cooperative body, but, I think, no less effective because these economies have already proved that they can grow and grow quite spectacularly. And, given a bit of help and direction, can do much better. But, APEC provides such enormous opportunities to, if you like, deal with the interests of the United States and Japan and China and just so many other important economies like Korea and Indonesia etc. And ourselves. This is the first time Australia has really sat at a very big table, in its own right. Years ago, the question was, could we get into the G10 or maybe, perhaps, in our dreams, the G7? It was always, you know, would we be let into something? What has happened here is Australian diplomacy, with the help of others, fashioned something else, something new, which I think will become a major body and of which it is a full constituent member.

GD: Does that picture of President Clinton and the Asian leaders, does that picture send a real jolt to Europe? Does it say to Europe if there's not a result in the Uruguay Round that it won't be a three block world but, that it will be the Americans joining Asia to face Europe?

PM: No, I don't necessarily think that and it won't be a three-bloc world whatever happens because I think the advent of APEC means we won't see the Americas bloc up with NAFTA and we won't see a yen bloc in Asia. But, rather, we will see, sensibly, the melding of interests of North and South Asia and the Western Pacific. Essentially, that is what APEC has accomplished. It's pulled together the policy interests of North and South Asia and the United States, North America, Canada and Mexico. So, it will behave as a trading area. This will be noticed in Europe because it means...

GD: A bit of a scare for Europe?

PM: No, well it's not designed for that. But, it will be noticed in Europe and some of that sort of smugness that Europe has about its importance - it means that the United States, which already has a preponderance of its trade in the Pacific - \$300 billion of its trade is in the Pacific, \$200 billion in the Atlantic - well obviously the \$300 billion is going to grow faster in the Pacific than the \$200 billion in the Atlantic. And these other economies are making markets themselves. See, APEC is very integrated. It's more integrated than the European Community now. 66% of its exports are traded within its own member states, where the equivalent figure in the European Community is 61%. And the equivalent figure for NAFTA is 42%. So, APEC's already.. there's already tremendous trade between APEC member states and, therefore, the dependency on Europe is going to be less and less as time goes by. Therefore, there's a message in this for the Europeans - they shouldn't be too cocky about their importance.

GD: Is APEC on its way to being as equal in importance as, say, the G7, or being more able to move policy along than the G7 has been able to over the last few years?

PM: APEC will be far more focused because it will have, all the time, common interests which the G7 has never had. You've got the United States and Japan, Germany, Italy, Britain, Canada - it's such a disparate group, the G7 couldn't effectively be the kind of body that APEC is capable of being.

GD: The big bilateral out of this was the meeting between the Presidents of China and America, the first bilateral since Tiananmen Square. Do you think that APEC can give a sort of structure which will allow these to deal with the problems they have over human rights, that issue the Americans have been hammering China on?

PM: I think so. A very important thing about this meeting was the chemistry and atmospherics of the meeting which, as it went on, were pretty spectacular. The relationship of ... everyone, after a day or two, started to get much more, not just more friendly, but more prepared to talk about things, more confident of one another. Now, give this a few years and of course this will dramatically improve relations. It's not to say that countries won't keep their interests but it means they'll be able to open topics up in a non hostile environment. In fact, a much easier environment with APEC rather than, say, a foreign policy environment. And the bilaterals are important. I had the opportunity myself of talking to the President of China, the Prime Minister of Japan, the Prime Minister of Thailand, amongst others, the President of Korea. These are all useful and valuable discussions. In one place you can do so many things. Now, this will be true for the whole body so APEC will be able to transact business probably beyond its agenda, by mere virtue of the fact that these people will be talking civilly and sanely and harmoniously together.

GD: Finally then, if this was summit number one, a getting to know you summit, what does that make summit number two in Jakarta next year?

PM: Well, I think, in the meantime we have decided to do quite a few things. We've decided to, in the first place, support a successful conclusion of the Uruguay Round, to seek there to establish over the course of the year work on a common, non-binding set of investment principles - a first step towards a regional investment agreement. We're going to be examining links between energy use in the area, which is going to be vast, and the environment. Also, to set up a business group which will have two members of the business community of each country from it - and adopt, also, the work of the Ministerial Committee here for consideration next year. So, there's going to be quite an agenda, this thing will have work to do.

And, as you enquired about human rights... I was able, for instance, to talk to the President about Hong Kong - I stressed there the importance of a smooth

transition, of the protection of peoples' rights. I've got no doubt President Clinton did the same with the U.S. concerns about human rights and China. The mere fact that you've got this leadership coming together in a forum where you can have a meeting and discuss things means that you can obviously discuss things beyond the trade and investment framework.

GD: You talked about it in historic terms, I suppose I should ask you if it struck you as historic, your personal reaction to this meeting with this diverse range of leaders?

PM: Oh yes. I have got no doubt about the historic nature of it. Because, there you are with this amazing group - half the world's production, 40% of the world's population - sitting there, chatting away in a group, at a table. Talking freely on the boat on the way out, you know, swapping the odd story, finding the odd amusing thing. It was highly unusual to see such a collection of people, all focused on the one task. From the President of the United States down through the Pacific economies.

GD: Thank you, Prime Minister.

PM: Thank you.

Ends.