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PRESS CONFERENCE AT PARLIAMENTARY ANNEXE, NEW DELHI

28 January 1979

PRIME MINISTER:

I would like to make one or two preliminary remarks, but because I had some words to say at the arrival ceremony and a speech at the Prime Minister's dinner has also been issued together of course with the speech to the Joint Sitting of Parliament, because of that I don't think there is a need for me to speak at any length before throwing the conference open to questions.

I do want to make one or two points. I would like to take this occasion, publicly, to thank Prime Minister Desai and the Government of India for the very warm hospitality that has been given to me and my whole family. It is the first time my children have been out of Australia, and they have appreciated the warmth of the hospitality very much indeed.

When the Prime Minister (Mr Desai) and myself met at the Commonwealth Heads of Government meeting in London the best of two years ago - 18 months ago - we then determined that we should both jointly work to bring India and Australia closer together and seek out areas of co-operation. And I think the discussions that we had when the Prime Minister came to Australia for the regional meeting built on that. I hope that my visit here has further built on the framework that had already been laid.

In the bilateral discussions we had concerning India-Australia issues, we have agreed on a number of matters. We have agreed on some practical exchanges in science and technology under the science and technology agreement between India and Australia, and senior scientists from Australia will be visiting India. And likewise from India they will be visiting Australia to see which areas of agricultural research would be most profitable for joint endeavours, for co-operative efforts, between our scientists. In addition to that, in relation to energy, the same will occur. Australian scientists and technologists will visit India. An Indian team will visit Australia. After that it is intended that there should be joint programs of co-operation in these areas.

The Commonwealth Regional Meeting in Sydney last year established an energy group which India convenes. The work that will be undertaken in energy will not only be under the auspices of the science and technology agreement between India and Australia, it will also be related to that energy group of the Commonwealth Regional Meeting.

We have also agreed in the bilateral matters to establish, in a sense, an early warning system - a consultative group on trade between India and Australia. We have such a group in relation to the ASEAN countries, and I think it is starting to work well. The purpose of this will be to have

a permanent means of communication at a high level so that if there are any matters which concern India, they can be raised. On the other hand, if there were matters that concerned us, we can also raise them. I think having a consultative committee on trade between India and Australia will be useful. It will help to point out when there are sensitivities on one side or the other. And I believe also it will help to encourage trade between our two countries.

It has also been agreed that we would seek to open the doors for an Indian mission on coal to investigate the possibility of joint ventures in coking coal to the mutual benefit of both countries. I pointed out that on the Australian side, the Government itself doesn't actively operate in that area. It would be a question of working with some of the major organisations in Australia involved in coal mining and export. But as a Government, we would certainly very much welcome joint ventures with India.

Over the remainder of the time I will be in India, I will be looking forward very much to seeing something of Indian life in different parts of the country, in particular rural life and development in country areas together with seeing some of the great industrial achievements of India.

During the discussions I had with the Prime Minister, international matters were, of course, canvassed very deeply. There are areas of concern for all of us at the present time. But I think I have said enough in opening this conference, Mr Chairman, and I am going to make it open to questions.

QUESTION:

Have you set a target for the Committee of scientists to arrive at some specific recommendations?

PRIME MINISTER:

No. There is no specific time limit. But I would hope that the visits can take place quite quickly and that recommendations can be made to governments. There is no intention on our side, and I am sure there is no intention on India's side, that there will be any unnecessary delay. We intend to proceed, and to proceed in a forthright fashion.

QUESTION:

Your Foreign Minister has been in Singapore explaining Australia's new aviation policy under which cheap airfares are to be introduced from Australia to London from February 1. Can you tell us about the reasons behind this new policy, which seems to be causing some distress in other countries?

PRIME MINISTER:

I think there is a great deal of misunderstanding in relation to the policy and I welcome the opportunity to explain it.

The Australian Government had been under enormous pressure to introduce cheap airfares, not only to London but also to Asia - to India - to the United States, to Japan. You all will have heard of Sir Freddie Laker, and people were saying that Laker must be allowed into Australia. Now we believe that if Laker did come in with his kind of operation, it would jeopardise the services to Australia of the regular airlines, not just Australian airlines but many airlines, because loading could be very significantly affected. Under these circumstances we thought the regular services might be put in jeopardy, but at the same time we wanted to respond to the very strong wish to achieve lower airfares. We also believed that lower airfares could only be achieved on the regular airlines if the general loading factor can be kept at a high level.

Now, it is the intention of Australia and of Qantas to negotiate not just with Britain, and not just with the United States, but with India and all the countries with whom we are conducting air services.

I think there has been misunderstanding because it is felt that when we announced the Australia-London fares, we hadn't at that time negotiated other fares along the route, and I suppose when you are negotiating with many countries, many different airlines, it is difficult to bring it all to a conclusion at once, and that wasn't possible.

In relation to India, for example, we will be negotiating quite shortly on an airline to airline basis, and if it is necessary to have discussions between our Departments of Aviation, that can be arranged. There was some discussion of this issue over the last couple of days. As I understand it, India wants to make sure it maintains the relative attractiveness in relation to the new fares to Britain that the current fares had to the old fares to Britain. In other words, the fares to Britain have come down, therefore to maintain the relative attractiveness of India as a place for Australians to visit, the fares to India certainly need to be reduced. Now that would be our objective, and we believe overall that tourists from Australia - and we hope to Australia - are going to be increased.

It was my understanding earlier that the airline to airline negotiations with Air Garuda, Air Malaysia and Air Thai had been reasonably satisfactory. I think there were some problems with Air Singapore, partly perhaps because they weren't a member of IATA and conducted their operations on different rules .

QUESTION:

Did your talks include civil aviation?

PRIME MINISTER:

It was covered in the talks with officials and other Ministers present, yes. And I believe there is an understanding of

the position. Certainly it is not the Australian Government's intention or will to take any action that would jeopardise Air India or jeopardise an increasing number of Australian tourists coming to India.

QUESTION:

(First part inaudible)...do you think you will be able to maintain the present per capita income in Australia?

PRIME MINISTER:

The per capita income of Australians will depend very much on how hard Australians work now and in the future. If Australians sit back and don't work, the per capita income will fall. If they get out and work with initiative and energy, per capita income of Australia can be maintained or improved. But I think maybe part of the question relates to something which I believe is very important, and that is that we need to achieve a greater growth of trade, we need to achieve a greater growth of world markets, so that the living standards, especially in a number of developing countries, can be improved.

One of the things that distrubs me very greatly is the extent to which a number of industrial countries make it difficult at times for goods from developing countries to enter into the old industrial markets.

During periods of high inflation, high unemployment and low growth, the problems and difficulties can be, I think, understood. But it is very important that the world get gack on a growth path, because if that doesn't happen I believe that the prospects of increased trade, better economic relations between north countries and south countries will be put very much in jeopardy. Australia quite specifically seeks to conduct policies that do encourage the products of developing countries into the Australian market. On a per capita basis, I think, we import more than any other industrial country. And we certainly import more than - much more in the sensitive employment areas of textiles, apparel and footwear - than any other industrial country.

In relation to ASEAN, for example, and I just happen to have those figures in my mind, if North America and Europe imported as much textiles, apparel and footwear from them as Australia did per capita, those countries would be exporting an extra thousand million dollars worth a year. That would obviously be an enormous increase in trade.

But I very firmly believe that we are all interdependent in these particular issues, and that we need to look at the broader international context to advance the interests of all countries.

QUESTION:

(Inaudible)

PRIME MINISTER:

We have a high rate of investment in Australia because we are a capital importing country, and I think one of the reasons for that is that there are a number of very expensive resource development projects underway in Australia. The Northwest Shelf development, which will be mainly a natural gas project, will take \$3,000 million Australian to develop, and that is probably beyond the capacity of Australia to provide alone. Therefore the joint ventures need to get capital and support from overseas.

We will use some of the natural gas in Australia for industry and some will be exported. And it is because of developments of that kind I think that Australia needs to be a capital importing country and I think that might account for the statistics that you mentioned.

QUESTION:

Inaudible...concerning joint ventures for mining and exploration of coking coal?

PRIME MINISTER:

This was a subject raised during the discussions, and there has been a significant sale of 600,000 tonnes from Australia to India. As I understand it, India would like to get continuity of supply of access for coking coal on a regular basis. And to make sure of that, as I understand it, India wanted to get in on the base development in relation to coking coal. Now that can be done in partnership with Australian enterprises, in partnership with Australia's coal exporters, and it could be in relation to exploration; it could be in relation to development.

It is very much at the early stage, and what I have undertaken to do is to make sure that an Indian mission would be put in touch with the right people in Australia and would be given every encouragement. And from a Government point of view we would certainly welcome that kind of joint venture, because one of the things we believe is important in this trade is reliability of access to markets for countries that are seeking to sell. And if there is a joint venture between Australian concerns and India in something such as coking coal, or for that in other areas of resource development, then that gives India guaranteed access, guaranteed supply, and it gives us a reliable market. It is therefore in the interests of both nations. But it is at the moment in a very preliminary stage. I was responding to a request put to me on the Indian side of the bilateral discussions, and I was very happy to do so.

QUESTION:

TOTALLY INAUDIBLE.

PRIME MINISTER:

The problem with immigration at the moment is the unemployment that there is in Australia and we have as you know a policy that is non-discriminatory, but it is necessary to have a job to go to, and there are lists of skills which are in short supply in Australia.

That list is being changed and updated as the position varies, but I do know that a large number of doctors from India have gone to Australia in recent times, and they are contributing very greatly to the communities in which they are working in Australia.

QUESTION:

Australia has cut aid to Vietnam as a result of the Vietnamese backed invasion of Kampuchea. How extensive was this question discussed with the leaders of India and were there differences between the Australian and the Indian positions?

PRIME MINISTER:

No; the question of whether aid should or shouldn't continue wasn't discussed at all. I think we understand each other's position in relation to it. A statement will be made on behalf of the Australian Government, and I note that a number of other countries have either stopped aid or said that no new aid commitments would be begun under the current circumstances. The British Government is in that position, and I think a number of European Governments and some governments in Southeast Asia have certainly welcomed the Australian position in relation to it. We did that for two simple reasons: we believed it was wrong to give aid to a country that had embarked on an invasion and also that was pursuing a particular policy in relation into its own people concerning refugees. That's causing a great problem in Thailand and Malaysia, and to an extent it's causing a problem in Australia also, even though we have taken in relation to our size and population a large number of refugees from Vietnam and any other nation. But those were the reasons for it. But a more important element, which I discussed at length and which I can only advert to here very briefly, is the concern we must all feel about the possibilities of escalation in relation to Vietnam and Kampuchea as a result of the actions that have taken place. We all know the possibilities of escalation, and I think it would be very disturbing in Southeast Asia and the Asian region generally if that were to occur. It was really in relation to that aspect of the situation that the discussions I had were very full and very extensive.

QUESTION:

Mr Prime Minister, as a result of your visit to India, do you see greater co-operation between India and Australia on the Indian Ocean?

PRIME MINISTER:

I believe there can be greater co-operation between India and Australia on a whole range of issues, including the Indian Ocean. I have stressed very strongly the need for countries that want to pursue a moderate path, in their domestic and also their international affairs, to speak out with the voice of moderation and to speak strongly. As I understand it, that has been much of India's role as a leader of the non-aligned movement over a long period. But the voice of moderation is going to be enormously strengthened if countries with different positions - some aligned, as Australia is, some non-aligned, as India is - all speak for moderation with great strength and vigour - moderation as opposed to confrontation. And the substance of what I had to say at the joint sitting was on that theme as you would know. I believe really that there are few areas of significant difference between India and Australia. Sometimes there is a difference of needs, but the objective we have is very often the same. And in the Indian Ocean our objective is the same. Our objective is to make sure that the Indian Ocean does not become an area of great power rivalry. India wants to achieve that by a Zone of Peace, and I have said that if that could be achieved it would be most likely to bring about the desired result. But you have got to get other people to agree to that, other major powers. We have adopted a concept of balance - balance at the lowest level possible - but our objective is the same, to prevent the Indian Ocean from becoming a sphere of great power rivalry and, having the same objective, I am sure India and Australia can work together.

QUESTION:

Sir, we have had a famous Australian - Germaine Greer, the Women's Lib leader - with us recently. Do women have equal opportunity in employment and other spheres as men in Australia?

PRIME MINISTER:

I believe so, yes. I do think women do have equal opportunity, but there are some things which historically I think have made it more difficult for women in certain careers than for men. For example, the political party which I lead in Victoria has guaranteed equality of positions between men and women, and has had since the foundation of the Party. In the branches of the Party, if you had a male Vice-President, you had to have a female Vice-President, and the office bearers were split equally between men and women. In the higher councils of the Party in my State, you had equal numbers of men and equal numbers

of women. There was one President of the Party, and you couldn't have two Presidents, but for every other position. There was a male Vice-President and there was a female Vice-President. So the concept of equality of opportunity for women is something that is very deeply rooted in my own political Party. We have taken a number of Parliamentary actions to try and make sure that there is complete equality for all people in Australia and that peoples' rights are maintained. There are anti-discrimination committees, in the Department of Employment, operated by the Department of Employment. In spite of this general philosophy, in some careers, in some professions I think perhaps for traditional and historic reasons, there aren't as many women active in the professions as there are men. I would be very happy to see that position changed over time.

QUESTION:

Australia and India are exporters of iron ore, and I believe there were discussions between you and Mr Desai on some of the market trends in iron ore so that your export earnings are protected. Could you give us some details about these discussions.

PRIME MINISTER:

The marketing position for iron ore, as you will all know, has been very difficult over the last two or three years, and I think India, Australia and Brazil are probably three of the major exporters. Up to the present time of negotiations Brazil, as I am advised, has generally gone into the market being prepared to undercut the price, and that is one of the things which has led to a continual pressure on prices. This time there has been a significant change - Brazil has gone into the Japanese market, and I think the European market, suggesting a considerably higher price. Now, that is a changed attitude for Brazil, and I think that gives other exporters such as Australia and India a better opportunity to maintain or to improve prices, and I agree with the Indian view that prices need some upward movement. They have been at depressed levels for quite some time, and if there were new projects to be developed, I don't think they could be at current price levels. Against that general supply situation, we know that prices set by Japan tend to take a leading place in setting prices for Iron Ore, and we also know that Japan really organises herself very effectively and very efficiently, so that the sellers are really selling to one buyer. If there are several Australian companies and Brazilian companies and India, they are operating as independent units, but Japan has operated as a unified buyer. It was against that background that we were having some discussions, and I believe that there can be some advantage both for India and Australia if there can be some interchanges so that we have a general understanding and knowledge of what our objectives and attitudes are. There is no suggestion of firm and fixed arrangements, but there is a suggestion and I believe it is a good one, that consultations in this area would be beneficial both the India and to Australia. And those consultations will take place.

QUESTION:

What difficulty do you foresee in your (inaudible) commodity (remainder inaudible).

PRIME MINISTER:

I think that's probably a philosophical difference, or a philosophical difficulty. I don't believe it is healthy if groups of suppliers ban themselves into a firm hard group and say we are only going to supply under these circumstances, just as I don't believe it is healthy if a group of buyers in a country, or between countries, ban themselves together and say this is what we are going to do, and try and use a degree of monopoly power. I don't think monopoly power is a healthy power to have, whoever exercises it. And there was never any suggestion that that should take place. The suggestion was one for consultation, and I think that can be beneficial, and I have undertaken to make sure that on our side it occurs.

QUESTION:

As I understand, did you suggest India and Australia should consult on the prices that they will be seeking from Japan on Iron Ore?

PRIME MINISTER:

I didn't suggest. The suggestion came from the Indian side, and I acceded to it. No, there will just be general consultations about the marketing situation. The proposition is not as specific as the question you put.

QUESTION:

You mentioned earlier that unemployment was at historically high levels. Do you see this level going down, or do Australians have to accept the fact that it will remain at this level or even go higher for another 12 months or so.

PRIME MINISTER:

A number of factors will determine that. One of them is the level of wage increases. I'm quite certain that the last wage increase we had in Australia before Christmas would not have helped that. Another factor is the growth in world trade because that affects all countries. As you know, we have 28 percent of our GDP represented by trade, and therefore Australia is sensitive and any improvement in world trade will obviously help all countries, but it will obviously help Australia because trade represents a large part of our Gross Domestic Product. Because of institutional arrangements in Australia, the wages decisions are not decisions for government. Although we can determine them, we can't influence them, because the level of inflation is too high in North America, too high in many countries of Europe. I am delighted

to see recent U.S. actions which are obviously directed at combating that. But for a while inflation may go up and recent events in Great Britain are not encouraging that. And while inflation is too high, market growth will be too low, and growth of world trade will be too low. I make those points just to say that in that environment, countries have to rest on their own energies, their own initiatives. Therefore the improvement we can achieve we will have to achieve from our own resources, not looking for assistance outside. We therefore have to keep our inflation level below that of our major trading partners, so that our industries become more competitive. I think over the last 18 months they have.

exports are starting to increase and our own people are starting to get a better share of our domestic markets. Over the past two months there has been a great deal of enthusiasm in Australian manufacturing industry for the prospects for 1979. Whether that will translate itself into an increase in employment I can't yet predict. I do know that manufacturers are starting to look to a much better future. Overtime has started to increase. If that carries forward there ought to be some increase on the unemployment question. I think we are getting to the stage where policies of the last three years are starting to demonstrate their effects quite widely within Australia. On top of that, something which hasn't occurred in Australia for maybe up to 15 years, we have had good seasons, we haven't had drought over the past year, and our prices for our products are all good at the one time. That, coming with a good season, hasn't happened for a long while. For quite some time the Australian rural community has been, in a sense, dragging down the rest of the economy because their incomes have been so low and many of them were getting into debt and very great difficulty. But this year the rural sector will be contributing to the economy instead of detracting from it. That will have an impact on country towns and also will be having an impact on orders and manufacturing industry who supply products needed in the rural industries. I'm sorry this is such a domestic answer - I'm sorry for those who are not interested in these matters, but I'm told wire production and steel fence post production has already, or increased demand has already, hit BHP and production for these matters is already starting to lift. If that happens in one area, it will happen across the broad spectrum of the farms of rural Australia. What I am saying is that coupled with the better position of manufacturing industry, this is a very healthy sign within the Australian economy. How it will translate itself into the employment situation is something that I think we have to wait and see for a little while. There is some cause for a degree of optimism whereas before there wasn't.

QUESTION:

How active are the Ananda Marg in your country now?

PRIME MINISTER:

It is difficult to tell. They have been active. They have been active against representatives of India in Australia. We know something of the organisation - perhaps not as much as we would like to know. Over the last month or two they have been perhaps a little quieter than they were earlier, and I hope it continues that way.

QUESTION:

The Government here in Inida is committed to giving autonomy in broadcasting and television. You have been experimenting with this thing for quite some time now. What has been your experience?

PRIME MINISTER:

We have an independent Australian broadcasting commission which runs radio and television. That is a government funded organisation but it is run by an independent statutory commission. In addition to that we have commercial broadcasting and television. Because of the importance of the general public arena, because of the power of the Media, and especially the power of television, it is subject to some degree of control by an independent tribunal. I believe that the mixture of public ownership and private ownership of the broadcasting and television area works well in Australia. It is an Australian solution to a problem. I wouldn't try and export it. I think countries should work out their own particular ways of solving these things.

QUESTION:

In your speech yesterday you mentioned the forces of extremism. Can you identify some of these extremist countries?

PRIME MINISTER:

Countries can be extremist on particular issues without being extremist on further issues. I think you see many forms of extremism in southern Africa. It is another form of extremism that places Vietnamese troops in Kampuchea. There are many different forms of extremism. There have been problems in the Middle East of a continuing kind. Some progress made, but not yet enough progress. Problems of race which I mentioned in South Africa still bedevil that continent. And it is not generally understood that one of my Australian predecessors, Sir Robert Menzies, as early as 1960 or 1961, on behalf of Australia, condemned apartheid and all that it stood for. He believed then tht it was doomed to failure and disaster if it was not changed. And I can remember at the last CHOGM an expectation and hope that Zimbabwe is to be seated at the next conference. The next conference is going to be at Lusaka in a little more than eight months time, and I do not think we are going to see Zimbabwe seated as a fully-fledged member within that time span. The forces for change, the forces for an acceptable movement to majority rule seem to have stalled to an extent. I would hope that these issues could be picked up again and moved forward, because it will be a source of turmoil, tension and tragedy while it continues.

QUESTION:

(Inaudible). Concerning Muslims in Pakistan and Kashmir.

PRIME MINISTER:

Well, I don't know that it is proper for me to comment on that. Australia is not a Muslim country, although Muslims live in Australia, and it is pre-eminently a matter I would have thought, for this sub-continent. I would have thought it might be impertinent for me to try to intrude an Australian view on the matter.

QUESTION:

Getting back to the iron ore question, you said that there are to be consultations between India and Australia on the general marketing situation which are likely to include discussions of guideline proces. It should follow that both India and Australia (remainder inaudible)...Is that the intention of the Indian side in this regard? A second question, it seems that Australia might improve economically and is starting to move to an upturn. Is there any chance that quotas and tariff barriers might come down?

PRIME MINISTER:

Let me take the iron ore question first. There will be discussions about the general market situation, but I think it would be wrong to imply from that that there would be any suggestion of joint guidelines. That would be going beyond the scope of joint discussions as I understand it. I think it more an exchange of information. I don't think there is any intention of establishing joint action, as I understand the position. I think Australia's position - and I'm glad the question was asked on quotas and imports - is sometimes misunderstood. We are 14 million people on the edge of Southeast Asia, and it is quite natural that many countries look to Australia as a market. But we clearly can't take all the goods from ASEAN countries, from Asian countries.

PRIME MINISTER:

It is necessary for ASEAN countries to look beyond Australia, as of course they do. But we have tried to have our markets as open as possible. There are some things which make it difficult for us to move at a faster pace. But on the historical record, the ASEAN countries have increased their exports to Australia by over 30 percent for the past several years, and that's a very significant rate of increase. They have increased their exports to Australia in industries where employment in Australia has fallen dramatically and significantly. I have said to ASEAN countries many times that I think it is quite unrealistic to expect a faster rate of growth into the Australian market than you have had, because quite clearly a country that's exporting needs to be aware of the sensitivity in the target country. It needs to be aware of the concern that happens when people are put out of jobs as a result of imports, and quite clearly that has happened in the ASEAN context. But despite that, we have sought to maintain the circumstances in which ASEAN exports to Australia, and I mention them because they are a group and very close to Australia

geographically. They continue to expand their exports to Australia by over 30 percent a year for the last several years. Looking at it from another point of view, if we take items that are employment sensitive - textiles, apparels and footwear - we import from ASEAN countries much more than any other developed country, and I think I might have mentioned earlier that if they have the same access on a per capita basis to North America and Europe as they have to Australia, they would be exporting another \$1,000 million annually. But we do in fact import more manufactured goods from developing countries than any other industrial country. I said earlier that I think there will be, or I know there is, increasing optimism about prospects for manufacturing industry. But I don't see any prospects of a dramatic change or of a situation that will enable Australia's trade position, import position, be substantially altered over the short term. These things don't change quickly. And again it needs to be against the historical background of what has happened in relation to imports from developing countries. There is one thing of course that would help Australia enormously. We have quantitative restrictions on 40% to 50% of Australia's exports. Quantitative restrictions imposed by Europe, North America and by Japan, and it is those quantitative restrictions that prevent Australia doing more of what Australia can do best and cheapest. Plainly, if those quantitative restrictions did not exist or if they were minimised, we would be able to open our markets more to goods from other countries who can do some things better or more cheaply than we can. So the trade question is involved. It is complex, it involves many different aspects, and I think in the consultative group that has been established between ourselves and ASEAN for example, the general position is pretty well understood. I have found in Malaysia, for example, understanding for Australia's position and point of view as we have tried to have of theirs. I don't think there can be dramatic changes or sudden changes.

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