

PRIME MINISTER'S PRESS CONFERENCE: MANILA, PHILIPPINES

PRIME MINISTER

Ladies and gentlemen, this is the conclusion of what I believe to be a very successful visit to the Philippines. A rapport has been established between the President and myself, between our two governments. Two agreements have been signed and that was not expected. That was not planned when I was first asked to come here, but the discussions and relationship has developed to the extent that that has been possible. We welcome therefore the signature of the double taxation agreement, but in particular the ratification of the trade agreement between the Philippines and Australia which as you know had been negotiated sometime ago but not signed. The fact that it now has, is a significant step in Philippines-Australian relations. We've had wide-ranging discussions on other matters, security matters, matters of international affairs, and again, there is an identity of interest which comes out of our common geography in this part of the world. This morning I've also had very useful discussions with Prime Minister Ohira, in particular in relation to the forthcoming Tokyo Summit meeting. We were discussing the sorts of matters which would be important to that meeting. Publicly, I would like to say how much I appreciate the President's hospitality and his Government's hospitality during this week. I would be happy to try and answer whatever questions you might have.

QUESTION

Mr. Prime Minister, how do you react to the Singapore statement (on air fares) at the general debate on UNCTAD?

PRIME MINISTER

There has been agreement in Kuala Lumpur, and you will see from the communique that has been signed that the Philippines and Australia are both welcoming that there has been a negotiated compromise in relation to that, and the words in the communique I think are warmly recognising the fact that a compromise has been reached, as has to be so in matters of this kind.

QUESTION

Could you please give us some details on the uranium supply arrangements...(inaudible).

PRIME MINISTER

Yes. We have signed the bilateral safeguards agreement between the Philippines and Australia and that opens the way for a supply agreement. Shortly, both countries ought to be in a position to negotiate a supply agreement. We will be a reliable supplier of uranium to the Philippines.

QUESTION

..Volumes?

PRIME MINISTER

We haven't discussed volumes, but I have no reason to doubt that we could meet the Philippines requirements.

QUESTION

Regarding the 1975 Trade Agreement signed with the Philippines power, entered into with the Philippines, what is the (inaudible) now? Is there any possibility of getting it into operation? Will it be operational soon? The 1975 Trade Agreement with the Philippines?

PRIME MINISTER

The Trade Agreement? It has now been ratified so it is now operative.

QUESTION

It has already been ratified?

PRIME MINISTER

Yes. We did that this morning. This had not been planned before I came here, but it was possible because of the progress made at the talks between the President and myself. There are copies of the trade agreement available for those who would like to see it.

QUESTION

I am from Malaysia. Yesterday in your speech you made an attack on protectionism. Could you please tell this press conference what measures your country is taking to reduce the level of protectionism in Australia. (Inaudible)...ASEAN countries that...(inaudible).

PRIME MINISTER

I think the best way of looking at this is to look at what has happened to ASEAN's exports into Australia and indeed the developing countries as a whole - their exports to Australia. Over the last many, many years our imports from developing countries and from ASEAN have been growing at something over 30 percent a year. That is a very substantial rate of growth. I concede that it started from a low base, but 30 percent, built upon 30 percent year after year, adds up to a significant growth indeed. As a result of the Kuala Lumpur meeting between

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ASEAN Heads of Government and myself a couple of years ago, we have established an ASEAN-Australia consultative committee. It's an early warning device and that gives us permanent machinery in which we will be enabled to discuss trade problems. Under the trade treaty signed with the Philippines there will be special consultative arrangements between the Philippines and Australia in addition. Last year I opened at ASEAN-Australia Trade Fair which flowed out of an initiative from the Kuala Lumpur meeting. That Trade Fair was designed to bring the products of ASEAN countries more to the notice of Australian importers. I believe it was a highly successful Trade Fair and it is something that, on the Australia side, we are very happy to repeat. The first was held in Sydney. If it is desired to hold successful trade fairs in other major cities of Australia well that will certainly have our cooperation and our support. It is important that ASEAN exporters get closely in touch with Australian importers because in some things of course, there is competition between ASEAN countries themselves, but there is also competition with similar products from Taiwan, Hong Kong and Korea. Therefore to the maximum extent that ASEAN can develop a close relationship with Australian entrepreneurs and Australian importers, the better then will ASEAN countries do in the Australian market. But the real basis of it is of course is that ASEAN's exports to Australia have been growing very rapidly and if you take the sensitive items - textiles, apparel and footwear - if the United States, Europe and Japan bought on a per capita basis the same value of imports as we do in Australia, then the ASEAN countries alone would be exporting an extra \$1,000 million worth of goods a year. I think the Australian record in these matters is a good one.

QUESTION

What is the extent of Australia's development aid in the Philippines and other ASEAN countries, and what specific role does Australia have in bringing about basic elements of the Common Fund?

PRIME MINISTER

We play a significant role in the Asian Development Bank. I think the two largest single aid projects which we are supporting are both in the Philippines and Australia aid is spread through many countries of South East Asia but also in the Pacific. We have a particular relationship with Papua New Guinea and a very large part of Australia's aid does go to Papua New Guinea because of the particular relationship that we have with Papua New Guinea. I think you would understand the reasons for that. I believe that Australia has played a significant role in bringing about agreement in relation to the Common Fund, because up to 18 or so months ago the "B Group" countries had a rigid position - Group 77 had a rigid position - the two sides weren't really meeting. Their ideas weren't touching each other. We believe, from our own experience as a commodity exporter that sensible devised commodity arrangements can work, can be beneficial to producer countries and also to consumer countries. Because the Australian economy

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at early times was very much dependent upon the fortunes of two or three commodities - what, meat in particular, and wool - and the prices of those commodities used to fluctuate enormously, we can well understand the difficulties that developing countries are placed in under present circumstances. So we decided that we should no longer - about 18 months ago - no longer stick rigidly with the "B Group" position. We announced our own position, our forthright support for the Fund and we started negotiations - we started to try and flexibility into the negotiations so that people would move their positions. In the Commonwealth of Nations and in regional forums, at a meeting last New Year in Jamaica, we pressed very strongly for the acceptance of a Common Fund. Now the Fund is a reality. I hope as many countries as possible will support the second window operations but also, it is not good enough - as I indicated in a speech to UNCTAD - to rest upon the existence of a Common Fund. There must be full participation of developed and developing countries, of the producer countries and consumer countries with an interest in the trade, in various commodity agreements. It was in that context that I gently mentioned my disappointment with the policies of Europe in being unwilling so far to enter the International Sugar Agreement.

QUESTION

Yesterday at a press conference the French Minister for the Economy, who is also the current President of the EEC Council of Ministers, rejected the criticism you made of the EEC in your speech to UNCTAD as entirely unjustified. He said further that he felt you were biased and obsessive about the EEC and suggested that you could have made some comments about Japan's huge trade surplus and its, what he claimed, poor performance in absorbing imports. I wonder if you feel whether your comments about the EEC at the UNCTAD session, your criticism, was ill-advised.

PRIME MINISTER

Not at all. I am fully responsible for what I say but it was obviously said on advice. It was said advisedly. I think that it ought to be understood that Japan has made a very significant effort over recent times to reduce those trade surpluses. I think that in the month of March, for example, there might even have been a complete turn-around. That's not necessarily a long-term trend, but it is bearing fruit and Japan has been making very significant efforts to increase its imports in a number of commodities, in a number of goods. But I think really the thrust of what I was saying is verified by some International Monetary Fund direction of trade figures - they are not Australian figures, they are not European figures, they are International Monetary Fund figures - which indicate that if you take out the OPEC countries, because they are a special case and if you take out the newly industrialised countries because they are also in a sense a special case - they are the countries that are doing better - and then you take the other Third World countries which are the countries most in need of assistance, countries most in

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need of assistance, countries most in need of access to markets, you will then find that Europe's imports from these other Third World countries has fallen between 1971 and 1977 as a percentage of their total imports, fallen, as a percentage of their total imports over that period. It has fallen - I haven't got the precise figures - but it has also fallen for the Lome countries over the same period. Now if the Lome convention was operating as one would have hoped one would have expected that the imports of other Third World countries, the ones most in need of assistance, would have increased as a proportion of the Community's total imports. But it hasn't. It has fallen. That I think just reinforces the need for an examination of these particular issues. I ought to say for the completeness of the answer that partly as a result of measures that we have taken Australia's imports from other Third World countries as a percentage of our total imports, has in fact increased.

QUESTION

May we know the results of your talks with Prime Minister Ohira?

PRIME MINISTER

The discussions with Prime Minister Ohira were very fruitful and useful and forthright. The discussions were held in particular to discuss broad international matters and matters that will be raised at the forthcoming Summit meeting. The Prime Minister had put to us that he would appreciate Australia's views on the kinds of matters that ought to be raised and dealt with by the major countries when they meet in that Summit meeting. We, on the broader issues, emphasised the need to maintain the fight against inflation and emphasised the linkage that that has with the trading opportunities for the Third World; the linkage that it has with the North/South relationship, because inflation, as I indicated at UNCTAD, drives countries toward protectionism and diminishes the quantity and volume of trade and diminishes the possibility of better access for developing countries. In addition, we spoke of the need to, in the post-MTN context, to keep up the pressure against renewed and increased forms of protectionism. I emphasised the need to give support to the positive adjustment policies supported by the OECD. I think sometimes there might be some misunderstanding of the nature of those policies, and that might come from the name. But broadly, the positive adjustment policies supported by the OECD, are exhorting the countries not to do certain things, not to go into wage subsidies, not to subsidise inefficient industries, not to put up additional barriers to trade, to let the adjustment process work without undue government interference. I put the point of view that a re-affirmation of support for those principles would be useful, especially if it was followed by positive action by the countries that most vigorously do not support, in their national policies, have not supported the OECD view. I also raised the question of selective safeguards and again pointed to the dangers inherent in that. We discussed energy matters and I expressed an understanding of the problems of energy importing countries, their need for security, their need for

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stability in energy supplies and have of course committed Australia, as has been consistent with our policy for a number of years, to be a reliable and stable supplier of energy sources. I pointed to our supplies of coal, future supplies of uranium, and present and future natural gas developments which could be very significant, for example, in giving, providing, Japan and other countries with reliable and steady sources of supply - not of oil because we don't have oil to export - but other forms of energy which would give a degree of independence from some OPEC policies.

QUESTION

Yesterday in your speech you mentioned a review mechanism with regards to protectionism. Could you give us some more information about this. Will it be a proposal (inaudible). My other question is you mentioned the important role of UNCTAD in the North/South Dialogue. Are you going to propose any high level commission for strengthening the UNCTAD Secretariat, like some countries would like to do and (inaudible)...

PRIME MINISTER

I haven't got specific proposals to make about strengthening the UNCTAD Secretariat but if proposals are made Australia would certainly want to examine them in a constructive way, because as I indicated UNCTAD is a very necessary forum. If it did not exist there would have to be something like it to fill its purpose. It would have to be devised forthwith and it obviously needs to be able to undertake its task with reasonable but adequate resources. I think in relation to protectionism, I was principally saying that once the MTN is over it is not good enough just to sit back and relax, because in the kind of trading world that we are living in, the protectionist pressures are always present I think in all countries and it is going to be necessary for national governments to pursue to the maximum extent they can open trading policies and to maintain and to enhance the fight against, especially against, non-tariff measures of protection which have proliferated over the last ten years. I did not envisage any specific mechanism for doing that, there are already international forums with a capacity for that but the national decisions of the major countries at the Tokyo Summit can obviously of course have a very real impact because from the very nature of the size of their economies, what they do affects all of us.

QUESTION

Did Mr. Ohira raise with you Australia's (inaudible) on commodity exports and (inaudible) possible changes to Australia's (inaudible) guidelines...(inaudible).

PRIME MINISTER

In relation to foreign investment we wanted to make sure that there would be opportunities for Japan and I said that the

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policy is designed to encourage overseas investment, but traditionally most overseas investment has come from Britain or from the United States - more recently from a number of other countries including Japan - and we welcome the increasing interest from countries such as Japan in broadening the base of overseas investment in Australia. But I also pointed out that if some countries started earlier and nothing can alter that situation, they are already there, but that we would welcome Japanese involvement, especially in partnership with Australian concerns in resource exploration and development. That's a matter that can be taken up by officials and on a commercial basis.

On the question of exports, it was put to me that Australia should not introduce measures that would be designed to inhibit the export of coal or of minerals, and I indicated that on the contrary our policies were designed to encourage and enhance the export of raw materials from Australia, but that from time to time there had been some particular marketing problems. But our approach had not been to meet those problems when they did exist by restrictions on exports but by sensible negotiation on a commercial basis. Quite plainly, the thrust of our policies is to encourage exports at the best price available on a commercial basis.

QUESTION

You said that (inaudible)...attempting the development of energy capability of the Philippines Government and you said that you would be a reliable and (inaudible). Could you tell us, do you extend the same capacity to other ASEAN countries. Would you ...(inaudible)... bilateral agreement between you, (inaudible) and other ASEAN countries?

PRIME MINISTER

Our general export policies are ones which apply to all countries. We do, obviously, seek a particularly close relationship with ASEAN countries and we welcome in particular the individual trade treaty which has now been ratified between the Philippines and Australia. But our commitment to be a reliable supplier of energy is one - it's not just a bilateral policy - it's a general policy. Now, I need to make one qualification in relation to that. Where trade in uranium is involved, our policy does require a bilateral safeguards treaty between Australia and the country concerned. Such a treaty has been signed with the Philippines and if other countries wish to buy Australian uranium, it would be necessary to negotiate that bilateral safeguards treaty. But you would understand the reasons for that; it is as a backup to the international safeguards to prevent proliferation and it is of vast importance to all of us that trade in uranium as a supply of energy for peaceful purposes, must be conducted in a way that is not only safe but which demonstrates to other countries not party to the actual sale that the trade is being conducted in a safe way that supports the general world non-proliferation objective. Our policies are general ones and

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and we will be pursuing them in those ways. To say that the policies are general is not in any sense to limit the importance or reduce the importance of a bilateral trade treaty on which we do place a great deal of importance -- with the Philippines, other trade treaties with many other countries, and they commit the governments and entrepreneurs in both countries to do what they can to advance mutual trade between countries. I think that is a very desirable objective and again, one of the reasons I am particularly glad that the treaty negotiated with the Philippines a long while ago has now been ratified. I think it clearly is a mark of a new phase, a new stage, in the development of Philippine Australian relations. I think that is as a result of policies that we have been applying over recent times-- policies which have resulted, as I indicated, in substantial increases in exports from ASEAN countries -- the Philippine figure is better than the average, it is over 45 percent a year increase in exports from the Philippines to Australia. As a result of those policies, we've advanced our relationship to the stage where that treaty can be ratified with great confidence for the future.

QUESTION

The joint communique mentioned that the two leaders noted the ... (inaudible) between the U.S. and China...(inaudible)... Since Taiwan is one of the major trading partner of Australia... do you have any (inaudible).

PRIME MINISTER

That is a matter that is under actual examination at the moment. We do need to indicate also that the previous Australian government normalised its relationship with Peking in a somewhat different way from the United States, so therefore that establishes a different set of circumstances. There is trade between Taiwan and Australia. Those arrangements can be - are - under a degree of examination because our objective is to enhance and encourage trade between Australia and all countries.