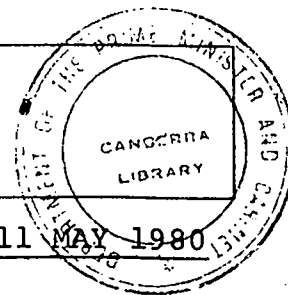




PRIME MINISTER



FOR MEDIA

SUNDAY 11 MAY 1980

ELECTORATE TALK

For the past week Australia has been host to Mr. Li Xiannian, Vice-Premier of China.

He leaves tomorrow for New Zealand.

Against the recent background of worrying international developments in Afghanistan, Iran and Indo-China, it was heartening to receive Mr. Li and to review with satisfaction the progress of Australia's relations with China.

In the 1960s China was in the turmoil of its Cultural Revolution.

Mr. Li was amongst those of China's leaders who were criticised and who suffered during that Cultural Revolution.

Now, he is number three in a government which wants to put the Cultural Revolution behind it.

Today China is a great and proud nation. She is committed to a program of reconstruction and modernisation.

China is drawing on Japan, the United States, Western Europe and Australia for trade, technology, investment and other economic co-operation.

In our discussions, Mr. Li conveyed to me China's desire to co-operate with us and with our major allies not only in these areas but also on the major international political problems. I welcomed this.

China considers that the threat to global stability is Soviet policies and expansionist activities.

The Soviet Union has been resisted in North Asia and in Western Europe and thus has brought pressure to bear southward in Afghanistan.

Mr. Li and I agreed that, together with the Western powers and Japan, we should: work to prevent any further advance by the Soviet Union; continue to press for Soviet withdrawal from Afghanistan; and continue to press for a Vietnamese withdrawal from Kampuchea.

A decade ago Australia's relations with China did not go beyond some trading links.

Today, our developing relationship with China is rapidly moving us towards a relationship similar to that which we have established with Japan.

China is our fifth largest market and we are China's fourth largest source of imports.

We have established an important economic interdependence.

While Mr. Li was in Canberra we were also able to announce a further sale of sugar to China - 150,000 tonnes for delivery between May and September this year.

This is the largest ever block sale of Australian sugar to China and will take our sugar deliveries there this year to a record figure in excess of 280,000 tonnes.

Our main export, however, to China remains wheat.

Now, we are selling increasing quantities of iron ore.

We are the sole supplier of iron ore for a new major steel plant at Baoshan outside Shanghai.

70 per cent of the product of the Baoshan plant is for China, 30 per cent for Japan.

In this and other ways our relations with China and Japan will become increasingly linked.

China and Australia also have common interests in our approach to the world.

Many Australians have visited China.

I am sure they would share my belief that, in spite of the cultural differences, a great breadth of friendship and understanding is being achieved.

During the visit a science and technology agreement was signed.

Mr. Li also proposed that we negotiate a cultural agreement.

I welcome that proposal and hope that an agreement will be signed soon.

We have welcomed other Chinese leaders to Australia in the past but Mr. Li is the most senior to come here.

Our discussions reflected the new pragmatism in China and the degree of confidence with which China's new policies are being pursued.

I believe China will continue on this course, to the benefit of the Chinese people.

China thus remains a priority in our foreign relations, and my discussions with Mr. Li in the past week have provided a basis for continued consolidation and growth in that relationship.