

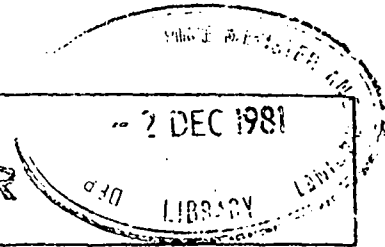
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PRIME MINISTER



FOR MEDIA

SATURDAY, 28 NOVEMBER 1981

ADDRESS TO ROTARY INTERNATIONAL

I am very pleased to join you this morning at this Pacific Conference of Rotary International and I would like to welcome to Australia all the visitors, coming from some 24 Pacific nations, who are attending this Conference.

It is only a few weeks since this building was the scene of the Commonwealth Heads of Government Meeting, at which I happened to be in the chair, and I must say, Mr Chairman, that in making the journey here this morning, I experienced a considerable degree of relaxation through knowing that the responsibility of chairing this meeting was going to rest on your shoulders rather than mine. A number of the countries represented at this meeting were also participants in the recent Commonwealth meeting, and I hope that your meeting will be as productive in terms of its objectives as was that earlier meeting.

The theme of your Conference, "The Future of the Pacific" reminds me of that oft-repeated remark that the Mediterranean is the ocean of the past, the Atlantic is the ocean of the present, and the Pacific is the ocean of the future. It is not so many years since the Pacific ocean seemed a barrier between countries, but now the position is changing and as Pierre Trudeau of Canada said recently, "with modern technology, communications and travel, we feel that this Pacific Ocean joins us rather than separates us", and he went on to speak of "the vital sense of growth and dynamism which characterises the countries of the Pacific rim."

There is a large number of new and emerging states in the Pacific basin, and I believe that with the outstanding growth rates which some Pacific countries are achieving, with increasing economic interdependence, and with the communications and technology I have referred to, we can look forward to closer relationships at many levels between Pacific countries. In terms of your theme of the future of the Pacific, I would like to take this opportunity first to consider Australia's trade with the developing countries, a subject which has special

relevance to the South Pacific, then to discuss Australia's very important trading partnership with Japan, and finally to comment on independence and political stability, especially in connection with the South Pacific.

Throughout 1981, Australia has taken every opportunity to highlight the massive proportions of the problem of world poverty, and to stress the need for a renewed will, especially among the developed countries, to do something about it. As Australia's Foreign Minister, Mr Tony Street, said this week, Australia's close association with the attempts to get progress on this front has been recognised by the invitation from the President of the U.N. General Assembly for Australia to join a contact group of 22 countries which is seeking agreement on the launching of global negotiations.

At the recent Commonwealth meeting also, the heads of government agreed to make every effort to remove obstacles to an early start to global negotiations. In addition, the Commonwealth meeting called for a study of the negotiating process itself, because it is important that nations should not become locked into inflexible positions simply because of the way negotiations are conducted.

As we come closer to the end of this year, I am very conscious of Pierre Trudeau's comment that "history will judge the year 1981 as a watershed in North-South relations, as the time when the countries of the world either moved forward... or when they allowed a momentous opportunity to slip through their fingers." And if current session of the U.N. General Assembly can make a decisive contribution to getting global negotiations started, that will be a significant achievement in terms of the countries of the world "moving forward together in a concerted attack on the economic disparities which plague our global community".

In humanitarian terms, there is an irresistible case for the most determined efforts to come to grips with the problems of poverty. But enlightened self-interest also provides the strongest incentive for co-operation between developed and developing countries in pursuit of economic take-off.

Australia is a trading nation, so we are acutely conscious that the economic success of other countries, especially the developing countries, is an important factor in our own continuing prosperity. Growing markets in developing countries are vital for employment and prosperity in developed countries. Some 25% of the west's entire trade is with developing countries and the proportion is even higher in the case of the U.S., where the figure is 40% and in the case of Japan where it is 50%. Between 1973 and 1978, while exports from developed to developing countries increased at an average annual rate of over 25%, exports from developing to developed countries increased only at around 10% per annum.

There is an obvious message in this, for without economic growth in the developing countries, the developed countries will not be able to keep up their export growth rates. It needs to be realised that the growth rates achieved over the last decade by the so-called newly industrialising countries, including South Korea, Taiwan, Hong Kong and Singapore, have helped to limit the severity of the world recession, and developed countries must reject any temptation to resort to protectionist measures which deny developing countries the fruits of their efforts and enterprise.

In fact, it is in the interests of all that further progress be made in reducing the trade barriers which already exist, which currently have the greatest impact on the exports of the developing countries. The recent Tokyo round of multilateral trade negotiations offered smaller than average benefits to the industrial exports of developing countries, and these negotiations made even less progress on non-tariff barriers and agricultural protection.

The impact of agricultural protectionism on the developing countries is dramatically illustrated by a joint UNCTAD/FAO study in 1972 which estimates that agricultural trade barriers were costing the developing countries something like \$34 billion per year in 1981 values. Even the partial removal of agricultural protection in industrial countries which has been estimated to be three times as high as protection on industrial products, would be a major benefit to the developing countries.

In the context of Australia's progress towards lower protection, I would refer to our new seven-year program in the key area of textiles, clothing and footwear, which will reduce assistance over time, which will further increase access to the Australian market, and which also includes a preference scheme for developing countries.

I would also refer to the New South Pacific Regional Trade and Economic Co-operation Agreement under which Australia will provide preferential non-reciprocal duty free access for the major export products of South Pacific Forum island states. Access to the Australian market, particularly for the products of developing countries, is already relatively high and it is growing. Between 1972/73 and 1979/80, while total Australian imports increased at an average annual rate of just over 21%, imports from developing countries increased at a rate of almost 30%, and from ASEAN countries at about 38%. Two ASEAN trade fairs have been held to promote ASEAN products in Australia, and Australia is proposing a third trade fair for 1983.

While access to the markets of developed countries is vital to developing countries, effective aid is also indispensable to developing in a number of situations, and I am very pleased that Australia's Budget allocation for official development

assistance has increased this year by almost 20% to more than \$600 million. Our food aid program has been substantially expanded and we have established a research centre to mobilise Australian expertise to address agricultural problems in developing countries.

We are contributing to the development of new and renewable sources of energy in developing countries, we have pledged \$5.5 million to the second account of the common fund to assist the development, marketing and production of commodities. And we have committed \$7.5 million to the ASEAN-Australia economic co-operation program for 1981/82 to assist in the development of industrial projects.

Within the South Pacific, Australia is increasing regional co-operation through assisting with sea transport, seabed research and education and our allocations for bilateral project aid to South Pacific countries have increased from \$11 million in 1976/77 to \$43 million this year. Australia's recognition of the economic and trading problems of the island states is shared by other Commonwealth nations, and it was agreed at the Melbourne meeting that measures to assist the island states to develop resources with their exclusive economic zones are vital.

In the lives of these island states, the convention on the law of the sea assumes a dimension which many developed states cannot easily comprehend, and is a matter of satisfaction for Australia that after close involvement in seven years of negotiations, finalisation of this convention is now expected in 1982. That will be a desirable result, and it creates the potential for significant economic advancement in many Pacific countries.

In the wider context, the problems of world poverty and development are not ones which can be solved next week or next year or even in the next decade. But as I have said on many occasions, unless something is done about building up the economies and the trade of developing countries, our children will curse us for our selfishness and our shortsightedness. Let me add that in any consideration of trade between nations there are a number of age-old lessons which must never be overlooked, especially at times when trading circumstances become difficult.

I would hope that a number of old lessons have been re-learned following the early 1970s, when the damage caused by certain stop-start trading policies tended to strike at the very heart of stable trade relationships.

It is true that trade between nations can seldom be wholly predictable, but reliability, especially at the policy level and a willingness to establish genuinely two-way trading relationships, are vital if the best use is to be made of the productive capacities of nations and of people. I would add that while stability and reliability are important in all trading relationships, they are particularly important for developing economies.

I have been speaking of the problems faced by developing countries and without question, these problems are massive and daunting. But we also need a sense of perspective, because the economic success which a number of countries have achieved in recent years shows that progress can be made and the vision of success should be kept in mind when people grapple with issues of economic development.

Let me turn to the second topic I said I would like to discuss this morning - Australia's trading relationship with Japan. Japan has been Australia's major trading partner since 1971, and I am confident the partnership is one which both countries will continue to value and respect. While Japan is Australia's largest export market, Australia is certainly one of Japan's fastest growing export markets. Japan has better access to Australia's markets than to those of any other industrialised nation and Australia also welcomes the growth in new Japanese investment, which has more than trebled, to nearly \$700 million, in the three years to 1980/81. Japan is Australia's most important market for exports of minerals and primary products such as coal, iron ore, wool, sugar, and dairy products, and is a major market for our wheat and meat.

While Australia ranks fourth among Japan's trading partners Japan relies on Australia as a major supplier of many commodities, and the Australian share of certain key Japanese raw material imports is very high. For example, in 1981, Australia has been providing 30% of Japan's imports of coal, and 40% of its iron ore.

Despite the difference in the size of our two economies, our trade relationship is one of mutual dependence and I believe it is greatly strengthened as a result of the acceptance by both countries of the trading principle which I have already referred to - that a satisfactory trading partnership depends on certainty and stability of trade in both directions. The complementary nature of our economies and our geographical closeness have been important factors in sustaining a healthy growth in trade at a time when difficult economic conditions have limited growth in other areas of the world. It will be important in the years ahead to ensure that through close consultation and co-operation we understand each other's requirements fully. Only in this way can we maintain stability and trust in our trading relationship, and take full advantage of the opportunities that make our region one of the bright spots on a relatively gloomy world economic scene.

The third topic I wanted to comment on this morning, because the theme of your conference really does give me a great deal of leeway, is the wider issue of stability especially in connection with the South Pacific region. It is remarkable to realise that it is less than 20 years since every South Pacific state was subject to some form of colonial administration, and it is a matter for great satisfaction that the political life of the independent states of the South Pacific since independence has been one of political stability. But not all Pacific islands are yet self-governing, and the principles of self-determination and independence for all Pacific island countries - principles which certainly enjoy Australian support - still need to be advanced. Australia well understands the aspirations of colonial peoples to be free and self-governing and the delegation from the South Pacific soon to visit France for discussions on this subject has the full support of the Australian Government.

The new French Government has shown signs of taking a fresh approach on the question of decolonisation and I hope that the delegation's visit will result in movement towards independence for French territories in the region.

In addition to these considerations, the strategic importance of the South Pacific has been amply demonstrated in earlier times and Australia has a direct and immediate interest in continued stability throughout the decolonisation period and beyond it.

We in Australia are well aware of the responsibilities which fall upon us in relation to the South Pacific region, and we are continuing to take initiatives, as we have done in past years, to discharge those responsibilities. The regional organisations which have been established in the South Pacific, especially the South Pacific Forum, have been particularly successful bodies, and they will continue to play a significant role.

The regional meetings of the Commonwealth Heads of Government, which Australia was instrumental in establishing, also provide a valuable forum for many South Pacific countries. More recently, at the Melbourne meeting of the Commonwealth Heads of Government, Australia offered to fund appropriate facilities in New York to enable Pacific island states not presently represented at the United Nations to maintain representation. All of this should help to bring about a greater understanding of South Pacific concerns and issues in the international context, and also to encourage the participation by South Pacific countries in discussions of wider international issues.

This leads me to a consideration of a rather different kind, for in talking about the issues of development, trade and stability, I have concentrated on Governmental approaches to issues of international concern. But Governments do not have a monopoly on these concerns and there are, at least in the free world, non-Governmental bodies which have demonstrated a capacity to make significant contributions to certain international issues.

I have no doubt that the voluntary work of individual people in Rotary and other service clubs contributes in a real and important way to international understanding and stability. I believe that organisations such as Rotary, which have an international outlook and traditions of service have an important role to play in the overall pattern of international discussion.

I hope that this conference will have made its own contribution just as I hope that all the visitors will have had a happy and rewarding stay in Australia.

I thank you for inviting me here this morning and wish you well in the remainder of your conference.

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