



PRIME MINISTER

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P.M.: Well, ladies and gentlemen, I thought what would be most useful is if I were to give an outline of the objectives and themes of the visit that I'm about to undertake in general terms and then some comments about the particular countries, and then be open to any questions you'd like to ask.

Obviously one of the main purposes of the visit is to establish a personal contact and exchange views with the regional leaders that I've not previously met - Mr Nakasone, the Prime Minister of Japan; President of Chun, Republic of Korea, Dr Mahathir in Malaysia, and also to build upon the relations that I've already established with Premier Zhao of China and Lee Kuan Yew of Singapore. In this way I want to give further substance to the very high priority which the Government attaches to its relations with the Asia Pacific region and to look for ways in which we can strengthen the role of Australia as an integral member of that region which is the most dynamic and fastest growing economic region in the world. Within that objective, and particularly we would seek to promote the potential role that we see Australia may have as an exporter of advanced services to the region. We will be particularly concerned with further exploring the possibilities of regional consultations and co-operation in a new multi-lateral trade negotiations round as I foreshadowed in my speech in Bangkok on the 22nd of November and we'll be doing this with the aim of attempting to promote more open international trading systems. I'll certainly be wanting to familiarise myself directly through these contacts with the political and strategic equation in north east Asia where the vital interests of four major powers, the United States, the Soviet Union, China and Japan, are directly involved. And it's quite clear that the maintenance of stability in this region is vital to Australia's interests.

I will be seeking also, as far as the ASEAN members are concerned, to further strengthen the relations that we have with ASEAN - relations which clearly have already been strengthened following the discussions that we've had successfully with them in regard to the differences that did arise on our non-sponsorship of the Kampuchean resolution. And one matter of particular interest in Japan will be to consider the relevance to our country of the industry policy making practices in Japan which as you know are based firmly upon the co-operation between government, business and the trade unions. You will recall that over the years I have

P.M.: cont...often referred to the relevance that I've seen in the successful Japanese practices in that respect and I will take the opportunity of directly having discussions with leaders in Japan as to the way in which those processes have been and are operating.

Now if I may briefly refer to the individual countries to which I'll be going in the order in which I'll be visiting them.

We will be in Hong Kong briefly and clearly I would take the opportunity there of reviewing the current state of negotiations on the future of Hong Kong. Now while Australia is clearly not directly involved in what happens there, we nevertheless have a strong interest in the satisfactory outcome of those negotiations as far as China and Britain and the people of Hong Kong themselves are concerned.

In Japan we will be having talks which we regard as fundamentally important. Japan is our most important trading partner and it's a country whose political role over time is coming to reflect it's important global and economic position. I've not yet had the opportunity of personal contact with Mr Nakasone and I'm looking forward to doing that and to discussing with him and others important strategic developments in north east and south east Asia, including Indo-China and on the question of arms control and disarmament. And very importantly, as far as Japan is concerned, we'll be wanting to discuss and acquaint ourselves as intimately as we can with the changes that are taking place in Japanese economic structure in relation to the changes that are taking place here - because those changes that are taking place in Japan have a basic significance for the economic and trading relationship between our two countries. And a matter of particular importance that we'll be directing our attention to, and seeking to engage equally the Japanese in attaching importance to it, is that in negotiations by Japan with third countries that the Japanese will not succumb to pressure which will disregard the legitimate interests of Australia as a reliable and relevant supplier.

For Korea, it will be recognised I think, that this is a country whose increasing economic strength is important to us and the security of which country is equally important in terms of the strategic security of north east Asia. I will, of course, be meeting President Chun who was tragically prevented, as a result of the Rangoon atrocity, from coming to Australia in October. And we will obviously be particularly interested in discussing with President Chun the assessment that he makes of the stability and security of the region following those tragic events and the KAL airliner tragedy. Trade between Australia and the Republic of Korea has reached a figure of over \$1 billion - \$1.1 billion in 1982/83 - which made the ROK our fifth largest customer. So we'll be obviously exploring the prospects for further developments of economic co-operation and trade between our countries.

As far as China is concerned you will appreciate that I had the opportunity very early in the life of our Government of welcoming Premier Zhao here in Canberra. And I can say that I found him one of the outstanding world leaders that I've met in my period in office and I'll be looking forward to having discussions with him about a number of matters, not necessarily in this order of importance. But the sorts of things that we'll be concerned about will be to have the benefit of insight from him flowing from the recent international discussions they've been having in Japan and in the United States and to get their assessment of developments in Sino-Soviet relations and, of course, in South East Asia in general and Indo-China in particular and on the question of international disarmament. I will be wanting to take further with Premier Zhao the extraordinarily interesting discussions that I had with him about the fundamental changes that are taking place in China in their economic philosophy and practices - changes which I think, still, the rest of the world haven't fully appreciated as to the significance that they hold for the rest of the world. And I will be very interested to see how in that period, now of almost twelve months since he outlined to me those fundamental changes which had begun in the agricultural sector and which they were in the process of transferring into the area of secondary industry, just how those changes have developed. Within that overall framework we will be exploring the possibility of further trade and economic relationships between our two countries and most particularly we will be exploring the prospects for even closer agricultural co-operation between China and Australia.

As for Singapore, and there of course I will be renewing the close relations I forged with Prime Minister Lee Kuan Yew at CHOGM, we'll be discussing international security and economic matters with the Prime Minister. And we'll, of course, particularly with him be discussing the concept that we are seeking to develop of regional co-operation in an approach to new MTN ground which we would seek to bring to fruition. Particularly also I would be interested in talking with the Prime Minister of Singapore about their experience as an international financial centre because you will appreciate that we are looking at the possibilities in that respect for this country.

Finally I refer to Malaysia, an important country, it's a key member of ASEAN, of the group of 77 of the non-aligned movement and of the Islamic group of countries. So in those respects it has an importance for us. I'll be exchanging views with Dr Mahathir who I've not previously met about the same sorts of issues that I'll be talking about in Singapore and I would expect him, as probably also in Singapore, I would expect him to raise the question of our forces in Butterworth.

Ladies and gentlemen, those are the general objectives and aims that I have on this visit on behalf of this country and particularly some of the matters that I'll be seeking to raise and discuss in the particular countries that I'll be visiting.

JOURNALIST: Prime Minister, it's obviously a very wide-ranging trip, but if you could put one theme to us, what would that be?

P.M.: The theme would be that Australia's destiny is inevitably and irrevocably with the Asian and Pacific region and the quality and standard of life of Australians in our time and their children is going to be significantly determined by the quality and the substance of the relationships with this area. And the visit is directed towards doing all that we can to ensure that this relationship with the countries of the region is based upon a mutual recognition of our inter-locked interests and to establish those attitudes and policies in relationships in a way which are most likely to maximise Australia's chance of a constructive involvement with those countries, which as I've said, have been for some time and look like being well into the future the most dynamic and fastest growing economic region in the world.

JOURNALIST: What sort of feedback have we had over the last couple of months, since your Bangkok speech in particular, following the visit of the officials to the region about the possibility or regional co-operation on the trade ground.

P.M.: You would appreciate that I can't go into the details at this stage of the responses because I want to pick those up in the countries. But I can say the primary reactions following the visit earlier this month of Dr Garnaut, my personal adviser, and a representative from the Department of Trade have been very positive. There is a recognition of two things - if I can put it this way - that the previous MTN negotiations have not been satisfactory from the point of view of the commodities of greatest concern to ourselves and to the other countries in this region. Secondly, that we as much as any area of the world have a vested interest in the opening up of a freer international trading system. And thirdly that if that is to be done through the medium of a MTN round that it can only be useful if there is an advance on what happened before when our interests as far as Australia is concerned - agricultural products and processed mineral products and many of the sorts of products of importance to the countries in this region - didn't get dealt with. So they see merit in the concept of a new round and of a regional approach in that. Now I don't want to overstate it - there is the interest, there is we believe the sense of a regional interest and I would hope that out of the discussions that we have we will be able to adopt practical steps then to give effect to what seems to be out of these initial discussions, the recognition of common interest.

JOURNALIST: Mr Hawke, Prime Ministers for some years have been saying in Australia that it's important to develop our relationships with Asia because that's where our future lies. Do you see this trip as taking our relations with South East Asia and Asia as a whole into a new direction or are you merely shoring up the relationships that are already there?

P.M.: No I am not concerned with in any way reflecting upon what's happened in the past. I think rather I would say that it has been useful over the past decade that there has been in broad terms a bi-partisan recognition of the realities of our inevitable relationships with the region. What we're trying to do is to translate what has been a broad recognition into practical steps to give effect to that recognition. I refer to the initiatives that we are taking now in regard to the MTN. We have perceived, and as I answered in response to Paul Kelly's question, we are getting a response in the same direction from the countries of the area that we have the same interests in opening up and freeing the international trading system, that we have a lot of mutual interests in the new directions that such a round should take. So I give that as an example of the practical way in which we are now saying, well look, we are part of the region. Don't let's just talk about it and say we are part of the region. Let's identify the ways in which we can through a mutuality of interests act to the benefit of the region as a whole. And that is obviously in the immediate sense perhaps the most important initiative we are taking. But I make the second, and for these purposes the final point, that from the beginning of our time in Government we've tried to look at all the aspects of our relations with the countries of the region - whether they be political or trading or broadly economic - in a way where we just don't make a decision in one area, political, economic or trading alone. But we have tried to integrate the approaches that we take so that all that we do will collectively strengthen the understanding of the countries of the region that we, in Australia, do regard ourselves as a member of the region. So I think that's how I would distinguish our Government from the past. Not that we have a sudden, new, blinding understanding of what, after all, is a pretty obvious fact, I think, that the future of Australia is bound up with the area, but rather we are moving in specific ways to give concrete practical effect to that reality.

JOURNALIST: Prime Minister, you said at the outset that you'd like to see Australia exporting advanced services to the region and I ask this question in the context of projections done by Chase Econometric the other day which was reported in the paper saying that unless Australia changes it's ways, by the end of the decade we are going to have the lowest productivity of any country in the region and third highest inflation. In that regard what do you think you can benefit, or (a) do you believe that's correct, and secondly do you believe you're gaining benefit by changing Australia's direction.

P.M.: Well, I think if you were to project into the future - let's say the next decade - the comparative rates of economic growth of Australia and the countries to which you refer, the sorts of conclusions that are listed would be likely to follow. What can we do about that? We can't, nor of course do we want to, on the contrary, reduce the rates of growth of the countries of those regions because an expanding, prosperous region if sensibly handled by us in our relations with the region is a plus for Australia - it can be a plus for Australia. What we are aiming to do is to reduce the discrepancy between the rates of growth by increasing our own rate of growth. And I know that we've only been in office for just under a year and it may be adjudged too early by some to draw conclusions as to our success. But nevertheless it is the fact that in terms of the growth of non-farm product there is a very dramatic turnaround taking place in this country. And we, while recognising some of the particular factors involved in that, are nevertheless seeking to adopt a range of economic policies which will increase the rate of growth and the trend rate of growth in Australia. So that will effect the final line of the judgements that Chase has made. Now coming particularly to the question of the sorts of advanced services that we may be able to contemplate exporting. Without being exhaustive the sorts of things that do occur to us, and that we will be discussing, are the financial services, educational services, agricultural services - I believe that we have a vast accumulated experience in that area which already there is evidence that it is welcomed in some of these countries. And one of the particular matters that we'll be discussing in China will be how we'll be able to develop that further. So those are examples of the sorts of things that I believe we can contemplate exporting in greater quantity and concept to the countries of the region.

JOURNALIST: So you're not worried by the projection?

P.M.: Well I think any government here of Australia ought to be worried that there would be a relative falling away by what's happening in the countries of the region. It ought to be seen, however, as not a threat which is what I'm trying to say, but a spur, if you like, a reason for being very astringent as Australians in examining the way we do things. If I could divert just briefly - you will recall, I know you're all assiduous readers of all my speeches - but one of the themes that I have been trying to put to Australia over many years is that we have been a lucky country in the post-war period, that it all in a sense fell into our lap. We weren't hurt by the war, the war in many ways was the best stimulus that occurred to Australia in terms of the reviewing its capacities to do things. At the end of the war a non-devastated Australia was able to supply its rural products to the rest of the world. It gave us enormous income, it

P.M.: cont... assisted us to have the framework within which we could set up new manufacturing industries. Then when the rest of the world was falling back into place and the demands for our products had fallen away from the great peaks of that immediate post-war period, then we had our first mineral boom and that lifted us again. And so in different ways from the war and post-war period it all was pretty easy for us. But it's become apparent from, I would say the last decade, I mean I'd guess it would have to be about - although the signs were there before that - but it became most dramatically apparent I suppose from about 1973 that the world was a very different place in that we couldn't any longer rely on the 'lucky country' syndrome. That if we were going to be able to at least maintain the steadily growing standards of living that we had enjoyed in that post war period, then we were going to have to act to do it. It wasn't going to happen. We weren't going to be the residual beneficiaries of what was happening elsewhere. And we certainly won't be just the residual beneficiaries of the growth of this region. We're going to have to act to enmesh ourselves in that growth pattern and that is going to require changes in the way we do things in Australia. It's going to require changed attitudes by governments, by business and by the trade unions and that is in part of what we're about on this trip - that we're going to visit these countries, understand more clearly by being there and talking with their leadership about precisely what is happening, what are the specific changes in economic direction, how it is that they are getting these rates of growth and what does that mean for us. Now to give an example - to relate it to the general exposition I just gave - we benefitted in Australia in the late 50's and 60's from the nature of the expansion of the Japanese economy in steel and in automobiles; Obviously that created a demand for our iron ore and our coal and we did benefit. But now the changing structure of the Japanese economy is going to mean that the sorts of projections that were made for our raw materials there need to be revised. We will still have significant absolute exports but the rates of growth that were projected before need to be changed. The Japanese are changing their emphasis and directions in their economy. So what we've got to try and do is to see in relation to those changes how can we mesh in, what are the sorts of changed structure of exports that we can contemplate to get the benefit of the new directions of economic growth there as with Korea. If you're going to get the benefit in Australia of these changed directions in the momentum of growth in those countries it follows by definition that you've got to have changes in your country. You can't just say well if they are changing direction we just keep churning out increasing projections of iron ore and coal, if that's not what they need. So it's imperative that we in Australia start to understand the changes that we've got to make if we're going to get the benefit of their changed patterns of growth.

JOURNALIST: ... since Australia is coming out of the recession what sort of message will you have for leaders ... (tape break) protection policy?

P.M.: I will reiterate what I've said in a number of speeches in Australia over recent months and that is that while we were coming out of the recession it would have been inappropriate to talk about changes in the industry structure. But that as we now

P.M.: cont...

have the growing confidence of growth we will be engaging in discussions with industry, and always when I talk about industry I include the trade unions - workers are a part of industry after all. And we will be increasing the range and depth of our discussions with industry along the lines that I have been putting in my exposition here. You can't if you're going to do the job for Australia - it has to be done - just talk words and recognise what's happening there and not make the reciprocal changes that are necessary here and I will be indicating to the leaders of these countries that we as a government will be working with industry in Australia to gradually make the sorts of adjustments that are necessary for our benefit and for theirs.

JOURNALIST: Prime Minister, may I ask a question about your trip and also a domestic one.

P.M.: Well could we just get the trip out of the way first?

JOURNALIST: I wanted to ask you something about Queensland and Medicare ...

P.M.: ... are you putting that on the basis that that's a sort of foreign relationship ...

JOURNALIST: Have the Singapore and Malaysian Governments strongly put to you that they want a RAAF fighter squadron maintained at Butterworth as part of the integrated air defence of the region and how does this fit in with the wish of the Defence Department and the RAAF to have all the five F18 Hornet squadrons stationed back in Australia.

P.M.: There has been a clear indication to the Government by the sources that you mention of a desire for a retention of a significant presence at Butterworth and that's understandable. You're also right in saying that there's a view within Defence here that in particular in the light of the acquisition of our new front line aircraft a more efficient way of developing our capacities to use those aircraft to their full potential would involve their location in Australia. Now clearly we have two criteria therefore which have to be taken into account in the decisions that we make in this regard. We had attached, and will continue to attach very considerable importance to our defence relationships with the countries of the region. I will be going to these countries, and particularly you're talking about Malaysia and Singapore in your question, to have them tell me directly what their assessment is of the role that we have played up until this point and what in their assessment of the future strategic situation in the area they see as being involved in a continued form of presence. We have made no decision here and deliberately the Cabinet has declined to make a decision because they want me to have the opportunity of having those discussions. After I've had them we will make a decision here which I am hopeful will be able to meet the two criteria. It may require some different form of presence there but it is important that we take both considerations into account. That is the ideal position, if you like, of our defence force people here as to what they say would be the ideal way of using our relatively limited facilities and, on the other hand, the very real need that we ought to take into account as seen by Malaysia and Singapore of some presence there. I think the two things can be made compatible.

JOURNALIST: Prime Minister, is rotation one of the options you are looking for?

P.M.: It is one of the options, yes.

JOURNALIST: ... are you going to support in Tokyo to establish a Pacific Economic Community ...

P.M.: No I would not be proposing the P.C.C. concept. That as you know is something that has been advanced in various quarters and I would simply record most particularly the suggestion as emanated from the Republic of Korea, the concept has emanated from there. No, we take the view that from the assessments we have made it would not be right to say that the countries of the region feel that at least at this stage that sort of concept is appropriate. It implies a range of formal mechanisms and relationships which the countries of the region are not desirous of at this stage. But rather it makes sense to us to take things a step at a time and we believe that the sort of step that we had talked about of identifying mutual and mutually reinforcing interests between the countries of the region, how to use those within the global multilateral trading context, to see that our interests are advanced. We have, as you will have seen from the speech I made on 22 November in Bangkok what might be called a fall-back position - that if our support for a new MTN round which was first talked about at the ministerial meeting of GATT ministers in November of '82 and has been reinforced subsequently by Prime Minister Nakasone and U.S. Special Trade representative Brock, if those moves don't come to fruition well we have a sort of fall-back position then of saying, well let's then as countries of the region examine the possibility within the region but still consistent with our multi-lateral obligations to see if there are ways in which we can expand trade within the region. That's very much a second best. So the concept of a PCC at this stage is not consistent with that process of realistic gradualism as I would describe our approach.

JOURNALIST: You said that you would urge the countries you are visiting to resist pressure from third countries to take more of their exports which might damage Australian interests. Which countries did you have most in mind.

P.M.: Well quite clearly an area of concern is the negotiations between Japan and the United States. And I'm not being exhaustive about it - one area is the negotiations with regard to beef. There are two strands of concern if you like in this area. There is the direct trading negotiations ... Japan and the United States at the moment. But there is this enormous deficit of \$20 billion odd relationship between the United States and Japan. Now obviously in negotiations between those two countries there's going to be an effort to start to make inroads into that enormous trade deficit by increasing the exports from the United States to Japan, say in beef. Now that's beautiful if you're sitting in the United States. But it's not too good if you look at it from the point of view of Australia which has built up over the years a reputation properly as a reliable supplier of quality products. So I give you that as an example. Now that's one strand. Now the other strand, of course, is that one of the

P.M. cont... great problems in the global international relationship is the enormous increase in indebtedness of many countries of the third world. And there will be some attempts to redirect some trading patterns in an attempt to meet or to increase the capacities of these countries to meet the commitments they have under that huge and growing indebtedness. Now that is a legitimate concern ... But we as Australians have to be concerned that that is not conducted in a way which unreasonably disrupts established trading patterns between Australia and Japan. Now those are the sorts of things I have in mind.

JOURNALIST: You could forecast that perhaps if we'd extend the credit, such as ... , which the Americans do to ensure our market.

P.M.: Don't let's be hypothetical about it. We've had, going beyond the countries of the region that I'm visiting now, in respect of our wheat sales we've had to meet the new approaches of the United States for instance in trading with Egypt and Iran because unless we're prepared to go some way down the paths that they've established we are not going to get sales. It goes back to the sort of issues that I've talked about before - we've had three bites of the cherry if you like or the three whacks behind the ear as far as developments in Europe are concerned. We lost our traditional markets there, then we were hurt again when under the impact of the CAP policy there they built up these enormous surpluses and were dumping them on our markets. And then the third whack behind the ear was when the United States was responding to those developments and we've had to try and meet that. And so you can see why we attach such importance to trying to get a new MTN round. We've got a vested interest inside the countries of the region to which I'm going to try and ensure that we get a more freed-up international trading system than the one with which we're faced at the moment.

JOURNALIST: In October last year at the Australia/Japan Economic Committee in Melbourne you gave a very critical speech ... import of coal and iron ore and you hoped to ... existing contracts. Will you speak to Mr Nakasone about this?

P.M.: Well referring back to the speech that I gave in Melbourne. I wouldn't say it was extremely critical. I would prefer to describe it as a typically frank and direct speech. But I make this point that it wasn't a negative speech, it wasn't one in which I was just saying look this is a terrible thing that's happening. It was put as you recall, if you read the speech in the context of a recognition on my part and the part of the Government of the basic changes that are taking place in the Japanese economy and that it would be the height of unrealism on our part to expect that we could in the next few years have levels of exports which were related to a pattern of economic development and expansion which was not happening. But I was trying to make the point that in difficult times within Australia, particularly in respect of our rural products we had remained totally reliable suppliers and that I was trying to convey to our friends in Japan at government and business levels that we attached great importance to remaining reliable suppliers. And I have also said

P.M. cont ...not only in that speech, but elsewhere, that I think there's been a tendency to exaggerate some of the difficulties that have arisen as a result of industrial action in this country. What I was therefore trying to say in that speech, and what I'll be saying to Prime Minister Nakasone is please operate on the basis, and we expect you to operate on the basis, that our record shows that we are fundamentally reliable suppliers, that we've made the decisions structurally and in other ways within Australia to maintain the reputation of being reliable suppliers. We deserve recognition and credit for that fact. Now, on that basis let us together try and understand what the new directions of economic development are going to be and what sort of arrangements mutually we ought to be able to make and fix and adhere to, so that in the years ahead both for Japan and Australia - for our mutual benefit we will be able to go ahead together. Now that's was if you like the structure of the speech, the intent of the speech. It was not negatively looking at the past. I thought I had to refer to certain features. But much more it was a speech about the future.

JOURNALIST: Mr Prime Minister, you talk a lot about your attitudes towards Asia, to the Indian Ocean and Africa. What about your attitudes towards Europe?

P.M.: I would put it in these ways. Europe obviously carries a diminished economic significance for us in trading terms. It's fallen away as a trading partner. I don't say that critically. I mean the world is a changing and developing place and we would seek to increase within the economic realities of today and tomorrow, we would seek to increase as far as we could, trade with them. We have no inhibitions against Europe. There are no animus on our part. But we've got to recognise the realities of the world in which we live. But if there are opportunities to increase trade, for instance our exports of coal, I just use that as an example, we're working on that to see if we can. We would wish to increase trade. Now trade is only one part of the complex of relationships. Politically we recognise the enormous importance of the developments that are taking place in Europe in their relations with the eastern bloc. We are urging our allies, the United States, to engage in constructive negotiations with the Soviet Union and we trust that the Soviet Union will respond so that the current impasse that exists there hopefully can be resolved. We understand the apprehensions of Europe and the nations of western Europe in those regards. We will do what we can in our small way to try and get the negotiation processes going again. We have a European tradition and background and while, as I say, into the future more and more we are going to be part of in our economic trading terms in region of Asia and the Pacific, that doesn't mean that we cut off the past. That the sensible thing for the Government to do is recognise that tradition and to recognise the changing economic realities of the world and to do what we can to get the best for one another out of those. We shouldn't, either Europe or Australia, we shouldn't think that Australia's development in this region means that we turn our back completely on Europe. We can't do that, we don't want to do that.