



PRIME MINISTER

TRANSCRIPT - PRIME MINISTER'S PRESS CONFERENCE AT STATE GUEST HOUSE 9 FEBRUARY 1984

E AND O E - PROOF ONLY

P.M.: WELL LADIES AND GENTLEMEN I'M VERY PLEASED TO BE ABLE TO ANNOUNCE A SIGNIFICANT DEVELOPMENT OUT OF OUR DISCUSSIONS THIS MORNING WHICH HAS VERY GREAT POTENTIAL FOR AUSTRALIA AND ALSO, I BELIEVE, FOR CHINA. I PUT TO PREMIER ZHAO THE POLICIES OF OUR GOVERNMENT IN THE ECONOMIC FIELD NOT ONLY IN REGARD TO THE IMMEDIATE OBJECTIVES THAT WE'D HAD OF TURNING OUR ECONOMY AROUND BUT OF ALSO TRYING TO ENSURE THAT THE ECONOMIC DEVELOPMENT OF AUSTRALIA COULD BE RELATED AS EFFECTIVELY AS POSSIBLE TO THE REGION OF WHICH WE ARE PART - SO THAT AS YOU'VE HEARD ME SAY BEFORE WE COULD BECOME ENMESHED IN THE DEVELOPMENT OF THE REGION IN A WAY WHICH WOULD ENABLE US TO DERIVE BENEFIT FROM THE DYNAMISM OF THIS REGION AND IN TURN MAKE A CONTRIBUTION TO IT.

IN THAT CONTEXT I PUT TO PREMIER ZHAO THAT WE, OF COURSE, WISHED TO BECOME A SIGNIFICANT SUPPLIER OF RAW MATERIALS TO CHINA'S DEVELOPING IRON AND STEEL INDUSTRY - IRON ORE AND ALSO COAL. I PUT TO THE PREMIER THAT IN ADDITION TO BEING SUCH A SUPPLIER OF RAW MATERIALS IT HAD OCCURRED TO ME THAT WE OUGHT TO EXAMINE THE POSSIBILITY OF AUSTRALIA SUPPLYING RAW MATERIALS, IF YOU LIKE, AT A MORE DEVELOPED STAGE. THAT IS OF PIG IRON, SLABS AND BILLETS, WHICH COULD BE THEN FINALLY PROCESSED INTO THE REQUIRED FINAL PRODUCT IN CHINA. I POINTED OUT TO PREMIER ZHAO THE MUTUAL BENEFITS INVOLVED IN SUCH AN APPROACH. THE ADVANTAGES FOR AUSTRALIA ARE OBVIOUS AND DON'T REQUIRE ANY ELABORATION ON MY PART TO YOU OF THE VERY SIGNIFICANT BENEFITS FOR AUSTRALIA: A SIGNIFICANT STAGE OF MANUFACTURE. THE BENEFITS TO CHINA I POINTED OUT WERE THAT IT WOULD NOT INVOLVE ANY INCREASE IN TOTAL IMPORTS ON THEIR PART, IN OTHER WORDS THEY WOULD NEED TO IMPORT LESS STEEL WHICH THEY ARE CONTEMPLATING HAVING TO DO. BUT THE INCREASED IMPORT OF THE BASIC PRODUCT FROM AUSTRALIA WOULD BE OFFSET BY LESSER IMPORTS OF STEEL ON THEIR PART. SECONDLY, IT WOULD BE OF BENEFIT IN REDUCING TRANSPORT BOTTLENECKS IN THIS COUNTRY LEAVING THE RAW MATERIAL AROUND FROM THE SOURCE OF THE RAW MATERIAL TO THE ENTERPRISES. THIRDLY, IN RESPECT OF TRANSPORT INTO CHINA, IT WILL BE MORE EFFICIENT TO BRING IN THE PRODUCT IN THE FORM THAT I MENTIONED BECAUSE IT WOULD BE ABLE TO BE CARRIED IN SHIPS WHICH WOULD BE ABLE TO HAVE ACCESS VERY READILY TO THEIR PLANTS THAN THE LARGE BULK CARRIERS. AND FINALLY IN ECONOMIC TERMS OBVIOUSLY FROM CHINA'S POINT OF VIEW THEY WOULD GET MORE VALUE PER UNIT OF INVESTMENT IN THIS WAY AND WOULD INVOLVE SAVINGS IN FOREIGN EXCHANGE.

I'M VERY PLEASED TO SAY THAT PREMIER ZHAO HAS RESPONDED POSITIVELY TO THAT PROPOSAL AND WE HAVE AGREED TO ESTABLISH A JOINT WORKING STUDY TO DEVELOP THE PROPOSAL. I PUT TO YOU THAT THIS IS A DEVELOPMENT OF VERY MAJOR IMPORTANCE, OF GREAT POTENTIAL BENEFIT TO OUR COUNTRY AND AS I SAY ALSO TO CHINA. AND IT INVOLVES AS I PUT TO THE CHINESE PREMIER A PROPOSAL TO BE SEEN NOT MERELY IN TERMS OF ADDING TO TRADE BETWEEN OUR COUNTRIES BUT ALSO VERY IMPORTANTLY TO BE SEEN AS ADDING TO THE COMPLEMENTARITY OF OUR ECONOMIC DEVELOPMENT PROGRAMS.

THAT WAS A MAJOR DEVELOPMENT TODAY. WE COVERED ALSO A RANGE OF OTHER MATTERS AND PERHAPS I COULD BNEYXLFSVGFQF GH KJPOILOXOWE OPENED

BY CONTINUING DISCUSSIONS IN THE INTERNATIONAL AREA. I REFERRED TO THE FACT THAT BEFORE COMING HERE, AS WELL AS HAVING GONE TO KOREA, A SUBJECT THAT WE COVERED YESTERDAY, I HAD ALSO BEEN TO HONG KONG AND JAPAN.

IN RESPECT OF HONG KONG I INDICATED THAT IT WAS A CLEAR VIEW OF THE AUSTRALIAN GOVERNMENT THAT THE NEGOTIATIONS IN RESPECT OF HONG KONG WERE PURELY A MATTER BETWEEN CHINA AND THE UNITED KINGDOM AND WE BELIEVE THAT THERE WOULD BE A SATISFACTORY OUTCOME OF THOSE DISCUSSIONS. THIS IS A VIEW THAT I PUT IN HONG KONG, AND THAT I'VE CONSISTENTLY HELD. AND I MUST SAY THAT THE EXPOSITION THAT WAS GIVEN BY PREMIER ZHAO TOTALLY CONFIRMED THE ANALYSIS THAT I HAVE MADE.

I REFERRED TO JAPAN - HERE I SAID THAT JAPAN WAS AN IMPORTANT TRADING PARTNER OF AUSTRALIA. THAT I WELCOMED THE INCREASING WARMTH IN RELATIONS BETWEEN CHINA AND JAPAN, THAT THE THREE COUNTRIES SHARED PERCEPTIONS IN REGARD TO THE SECURITY ISSUES OF NORTH EAST ASIA AND POTENTIAL THREATS. I REFERRED TO WHAT I HAD TO SAY ABOUT THE JAPANESE DEFENCE POSITION AND THERE WAS AN AGREEMENT BETWEEN PREMIER ZHAO AND MYSELF ON THAT ISSUE. WE ALSO SPOKE THEN FINALLY IN RESPECT OF INTERNATIONAL MATTERS ABOUT INDO-CHINA AND KAMPUCHEA - I HAVE SEEN THE TRANSCRIPT OF THE MEETING THAT YOU HAD AS A RESULT OF OUR ARRANGEMENTS WITH PREMIER ZHAO. THAT STATEMENT PUTS CLEARLY THE POSITION AND AS YOU WILL SEE THERE IS A VERY LARGE MEASURE OF AGREEMENT BETWEEN US ON THAT ISSUE.

THE REST OF THE TIME AFTER WE DEALT WITH THOSE INTERNATIONAL MATTERS, OF COURSE, WAS SPENT ON BILATERAL ISSUES. I SPOKE OF THE MOST IMPORTANT DEVELOPMENT IN THAT AREA. WE CONDUCTED THESE DISCUSSIONS ON THE BASIS THAT THERE ALREADY EXISTS A VERY STRONG RELATIONSHIP BETWEEN OUR TWO COUNTRIES. YOU WILL KNOW THAT I HAVE SAID ON A NUMBER OF OCCASIONS IN AUSTRALIA THAT THERE IS NO RELATIONSHIP WHICH IS MORE IMPORTANT TO US THAN OUR RELATIONSHIP WITH CHINA. IT IS STRONGLY BASED IN TRADE AND ECONOMIC TERMS, IN POLITICAL TERMS, IN TERMS OF CULTURAL EXCHANGES, IN TERMS OF ASSISTANCE PROVIDED IN TECHNICAL AREAS. IN REGARD TO AGRICULTURE, I CONFIRMED WITH PREMIER ZHAO THAT PRIMARY INDUSTRY MINISTER KERIN WILL VISIT CHINA IN MAY AND AT THAT TIME IT IS EXPECTED THAT WE WILL SIGN AN AGRICULTURAL UMBRELLA AGREEMENT BY WHICH I MEAN THAT ALREADY THERE ARE A RANGE OF PROGRAMS BETWEEN US IN THE FIELD OF RESEARCH AND BIOLOGY AND OTHER AGRICULTURAL PROGRAMS BETWEEN US. AND IT IS AGREED THAT IT IS APPROPRIATE THAT THAT RANGE OF CO-OPERATIVE PROGRAMS THAT DO EXIST SHOULD BE BROUGHT TOGETHER NOW UNDER AN OVERALL UMBRELLA AGREEMENT WHICH WILL ALSO EMBRACE REFERENCE TO OUR INTENTION TO HAVE CLOSER RELATIONS WITH THE RELEVANT AUTHORITIES IN CHINA THROUGH OUR AUSTRALIAN AGRICULTURAL INTERNATIONAL RESEARCH COUNCIL.

WE CONFIRMED THE INTENTION TO ADD TO THE ALREADY EXTENSIVE CULTURAL RELATIONS BETWEEN US AND ALSO IN THE FIELD OF SPORTING CONTACT THERE IS AN ARRANGEMENT FOR A REGULAR AUSTRALIA/CHINA SOCCER COMPETITION.

IN THE FIELD OF SCIENCE AND TECHNOLOGY THE CHINESE PREMIER INDICATED THEIR GRATITUDE FOR THE CO-OPERATION THAT HAS ALREADY BEEN ACHIEVED AND AGAIN MY MINISTER FOR SCIENCE AND TECHNOLOGY, MR JONES, WILL I BELIEVE BE VISITING CHINA LATER THIS YEAR AS I THINK PROBABLY WILL BE OUR MINISTER FOR EDUCATION, AND OUR MINISTER FOR ARTS AND ENVIRONMENT. JUST WHAT THAT PROGRAM OF VISITS WILL BE IS NOT SUBJECT TO FINAL DETERMINATION. THE ONLY CERTAIN ONE AS TO TIMING IS THE ONE I'VE MENTIONED, MR KERIN.

THE CHINESE PREMIER ALSO EXPRESSED HIS GRATITUDE TO THE EFFICIENCY WITH WHICH WE HAD MOVED AFTER HIS VISIT TO US LAST APRIL TO ESTABLISH THE CHINA ACTION PLAN IN THE FIELD OF TRADE AND OF THAT OTHER ACTION PLAN. OUR DEPARTMENT OF TRADE HAS PREPARED A VERY EXTENSIVE ANALYSIS OF POSSIBLE AREAS OF EXPANSION WITHIN OUR TOTAL IMPORT PROGRAM FOR CHINA. A VERY VERY EXTENSIVE ANALYSIS HAS BEEN SUBMITTED TO THE CHINESE AUTHORITIES AND WE HAVE INDICATED THAT ONCE THEY HAVE ANALYSED THAT MASS OF MATERIAL AND HAVE GONE TO PARTICULAR AREAS OF INTEREST TO THEM, WE WILL THEN UNDERTAKE MORE DETAILED MARKET ANALYSIS FOR THEM AND WITH THEM. AND AS I SAY PREMIER ZHAO HAS EXPRESSED HIS SATISFACTION IN REGARD TO THAT.

GENERALLY, THAT'S COVERED THE ISSUES THAT WE TRAVERSED IN MORE THAN THREE HOUR DISCUSSIONS TODAY. I WOULD SAY IN SUMMARY OF THE NEARLY SIX HOURS' DISCUSSIONS THAT WE'VE HAD OVER THE TWO DAYS THAT THOSE DISCUSSIONS HAVE IN A VERY REAL SENSE CONFIRMED THE RELATIONSHIP BETWEEN OUR TWO COUNTRIES - THE STRENGTH AND THE WARMTH OF THE RELATIONSHIP AND IN TERMS OF PERSONAL VISITS WE HAVE EXTENDED AN INVITATION TO SECRETARY-GENERAL HU HAOBANG AND WE HOPE THAT HE WILL BE ABLE TO VISIT TO AUSTRALIA LATER THIS YEAR.

I REPEAT THAT PARTICULARLY TODAY I THINK THAT POTENTIALLY FOR AUSTRALIA THE JOINT STUDY THAT WE WILL UNDERTAKE IN RESPECT OF THE PROPOSAL FOR THE EXPORT TO CHINA OF PRIMARY PROCESSED PRODUCT IN THE FORM OF PIG IRON SLABS AND BILLETS FOR THE CHINESE IRON AND STEEL INDUSTRY IS A MATTER OF POTENTIALLY VERY GREAT ADVANTAGE TO AUSTRALIA AND INDEED TO CHINA.

JOURNALIST: MR HAWKE HAVE YOU ANY IDEA WHAT WILL BE THE SORT OF QUANTITIES INVOLVED AND WHAT DO YOU SEE AS THE IMPLICATIONS FOR THE AUSTRALIAN STEEL INDUSTRY?

P.M.: WE CAN'T SPECIFY QUANTITY AT THIS STAGE. BUT CLEARLY WHEN YOU'RE TALKING ABOUT A MARKET OF THE SIZE OF CHINA AND A COUNTRY WHICH IS GOING TO HAVE ENORMOUS DEMANDS FOR STEEL IN ITS DEVELOPMENT PROGRAM WE ... POTENTIALLY VERY SUBSTANTIAL QUANTITIES. YOU SAY WHAT DOES IT MEAN FOR THE AUSTRALIAN IRON AND STEEL INDUSTRY - IT MEANS POTENTIALLY A VERY GREAT DEAL. AND I WOULD POINT OUT THAT IT IS WHILE OF IMPORTANCE TO THE IRON AND STEEL INDUSTRY IN AUSTRALIA GENERALLY OF IMPORTANCE, IT WOULD ALSO HAVE I WOULD IMAGINE POTENTIALLY VERY GREAT SIGNIFICANCE FOR WESTERN AUSTRALIA - IN THAT YOU WILL APPRECIATE THAT THERE IS IN EXISTENCE AT KWINANA A COMPLEX WHICH PRODUCED THE ITEMS TO WHICH I HAVE REFERRED AND WHICH IS CAPABLE OF BEING PUT INTO PRODUCTION AGAIN WITH RELATIVE EASE. SO WE ARE EXCITED ABOUT IT FOR THE INDUSTRY AND I WOULD SUGGEST FOR OUR ECONOMY AS A WHOLE. BECAUSE IT IS A VERY CLEAR EXAMPLE I WOULD SAY OF THE SORT THING THAT I HAVE BEEN TRYING TO EXPOUND FOR SOME TIME IN AUSTRALIA AND ON THIS TRIP - THAT WE HAVE TO BE IMAGINATIVE WHEN TALKING ABOUT NEW INDUSTRIES AND THE DEVELOPMENT OF EXISTING INDUSTRIES. THAT WHEN YOU TALK

ABOUT RESTRUCTURING IT IS A NONSENSE TO TALK ABOUT RESTRUCTURING IN TERMS OF SIMPLY AS PEOPLE HAVE TENDED TO OF RESTRUCTURING FOR A LOSS OF JOBS. ONE HAS TO BE VERY POSITIVE ABOUT THIS AND THIS IS A STRIKING ILLUSTRATION OF THE CONCEPT THAT I HAVE BEEN TRYING REALLY FOR MANY YEARS TO TALK ABOUT, THE SORT OF THING THAT WE ALLUDED TO IN THE CRAWFORD REPORT. AND NOW IT'S A MATTER OF VERY CONSIDERABLE GRATIFICATION TO ME AS PRIME MINISTER THAT AS A RESULT OF THESE DISCUSSIONS WE CAN SEE POSSIBLY IN CONCRETE TERMS NOW A REFLECTION OF THOSE SORT OF CONCEPTS IN AUSTRALIA. IT IS A VERY SPECIFIC ILLUSTRATION OF THE SORT OF THING I'VE BEEN TALKING ABOUT - THE ENMESHING OF AUSTRALIAN ECONOMIC DEVELOPMENT INTO THE DEVELOPMENT OF THIS REGION.

JOURNALIST: MR HAWKE DID YOU TALK TO ANY AUSTRALIAN COMPANY ABOUT THIS BEFORE YOU LEFT AND IF SO WHICH ONE?

P.M.: NO I DIDN'T TALK TO ANY AUSTRALIAN COMPANIES BEFORE I LEFT. BUT SINCE WE HAVE LEFT AUSTRALIA SOME OF MY OFFICIALS HAVE IN FACT BEEN ENGAGED IN SUCH DISCUSSIONS. AND I CAN ASSURE YOU THAT THEY WELCOME VERY STRONGLY THE CONCEPT THAT I HAVE NOW TAKEN TO THIS STAGE WITH THE CHINESE.

JOURNALIST: (INAUDIBLE)

P.M.: WELL THERE'LL BE A SUBSEQUENT BRIEFING AND DR GARNAUT MAY BE ABLE TO GO INTO MORE DETAILS WITH YOU ON THAT.

JOURNALIST: WILL THIS BE IN ADDITION TO PROPOSALS FOR CHINA TO BUY MORE IRON ORE ...

P.M.: YES, IT'S A TWO-PRONGED APPROACH TO AUSTRALIAN ASSOCIATION WITH THE DEVELOPMENT OF THE CHINESE IRON AND STEEL INDUSTRY AND INDEED IN THE DISCUSSIONS THIS MORNING PREMIER ZHAO INDICATED THAT THEY WOULD WELCOME THE POSSIBILITY OF AUSTRALIAN INVESTMENT HERE IN CHINA IN THEIR IRON AND STEEL INDUSTRY. SO WE REALLY ARE LOOKING AT A COMPLEX, IF YOU LIKE, OF AUSTRALIAN RELATIONSHIPS WITH THE DEVELOPMENT OF THE CHINESE IRON AND STEEL INDUSTRY. LET ME EMPHASISE THAT WHAT HAS BEEN AGREED TO IS A JOINT WORKING GROUP STUDY OF THIS ISSUE AND THERE WILL BE A CONSIDERABLE AMOUNT OF WORK THAT NEEDS TO BE DONE. THE POINT I'M MAKING IS THAT ON ITS FACE THERE IS VERY CONSIDERABLE ADVANTAGE FOR BOTH AUSTRALIA AND CHINA IN TAKING THIS CONCEPT THROUGH TO FRUITION.

JOURNALIST: SO IT'S REALLY AGREEMENT IN PRINCIPLE OF DOING IT AND THE STUDY ... OR IS IT ...

P.M.: NO, I THINK THE ACCURATE WAY TO PUT IT IS THIS AS I PUT IT - I RAISED THE CONCEPT WITH PREMIER ZHAO AND PUT THE REASONS WHY FROM THE POINT OF VIEW OF AUSTRALIA AND FROM THE POINT OF VIEW OF CHINA - THAT IT REPRESENTS A PROPOSAL OF VERY SIGNIFICANT MUTUAL ADVANTAGE AND BENEFIT. PREMIER ZHAO AGREED ON RECEIVING THE PROPOSAL THAT HE COULD SEE THAT THE PROPOSAL HAD SUCH MUTUAL ADVANTAGES AND BECAUSE HE DID, SAW IT AS WORTHWHILE IMMEDIATELY TO MOVE TO THE SETTING UP OF A JOINT STUDY GROUP ON THE PROPOSALS. AND SO OUR VIEW IS THAT BECAUSE IT MANIFESTLY DOES HAVE ADVANTAGES FOR BOTH AUSTRALIA AND CHINA THAT WE HAVE REASON TO BE OPTIMISTIC ABOUT THE OUTCOME OF SUCH A STUDY.

JOURNALIST: (INAUDIBLE)

P.: THE ANSWER IS I NEITHER CAN NOR WOULD DESIRE TO IMPOSE A TIME LIMIT. I WOULD SIMPLY SAY THIS, THAT WE ARE READY TO MOVE. CHINA IS RIGHT IN THE MIDDLE OF ITS DEVELOPMENT PROGRAM FOR ITS IRON AND STEEL DEVELOPMENT, SO ONE WOULD HELP THAT WE ARE THEREFORE NOT LOOKING AT A LONG PERIOD OF TIME. ITS IMPORTANT IN MY JUDGMENT ON THESE THINGS HOWEVER TO MAKE SURE THAT YOU DO ALL THE WORK THAT'S NECESSARY. AND I HAVE A FEELING FROM THE VERY POSITIVE DISCUSSIONS THAT WE HAD ON THIS ISSUE THAT THE CHINESE WOULD SHARE THAT VIEW: THAT IS, THEY WOULD WANT TO START WORK ON THE STUDY GROUP IN THE NEAR FUTURE AND THAT THEY WOULD APPLY TO IT THE SAME IMPORTANCE AND PRIORITY AS WE DO.