



## PRIME MINISTER

TRANSCRIPT - PRIME MINISTER AT FRAGRANT HILLS HOTEL, PEKING 10  
FEBRUARY 1984

E AND O E - PROOF ONLY

JOURNALIST: PRIME MINISTER THE STEEL PLAN YOU OUTLINED TO PREMIER ZHAO. HOW REALISTIC IS IT? DO YOU BELIEVE IT CAN SUCCEED?

P.M.: YES I BELIEVE IT CAN SUCCEED AND THE BASIC REASON WHY I BELIEVE IT CAN SUCCEED IS THAT THERE ARE MANIFEST ADVANTAGES FOR BOTH CHINA AND OURSELVES. IT HAS TO BE UNDERSTOOD THAT IT'S NOT A TRADE PLAN AS SUCH, ALTHOUGH IT OBVIOUSLY HAS GREAT ADVANTAGES FOR OUR TRADE. BUT IT REPRESENTS MUCH MORE AN INTEGRATION OF OUR IRON AND STEEL INDUSTRIES IN A WAY WHICH MAKES A GREAT DEAL OF SENSE FOR CHINA AND OFFERS THE OPPORTUNITY FOR A VERY CONSIDERABLE EXPANSION OF OUR OWN INDUSTRY. AND I CAN SAY THAT FOLLOWING OUR TALKS YESTERDAY WITH PREMIER ZHAO AT THE FUNCTION AT THE EMBASSY LAST NIGHT TALKS WERE HELD, DISCUSSIONS WERE HELD WITH THE MINISTER FOR METALLURGY LI. AND HE EXHIBITED A VERY HIGH DEGREE OF INTEREST AND WANTED TO KNOW HOW SOON THE TALKS COULD GET GOING, INDICATED A DESIRE ON HIS OWN PART TO COME TO AUSTRALIA AND TALK WITH OUR PEOPLE HERE. AND I HAVE ALREADY INITIATED AT OUR END THE ARRANGEMENTS TO GET TOGETHER THE APPROPRIATE GROUP AND I WILL, THIS EVENING, IN MY DISCUSSIONS AT OUR RETURN BANQUET WITH PREMIER ZHAO BE INDICATING THE WAY IN WHICH WE'VE MOVED AND EXPRESS THE HOPE TO HIM THAT RECIPROCALLY THEY WILL BE ABLE TO MOVE AS QUICKLY, SO THAT THE ACTUAL JOINT PARTY CAN MEET TOGETHER IN THE NEAR FUTURE.

JOURNALIST: WHAT SORT OF IMPACT DO YOU THINK THIS WILL HAVE ON THE AUSTRALIAN STEEL INDUSTRY IN TERMS OF JOBS AND PRODUCTION?

P.M.: WELL, I DON'T WANT TO PUT FIGURES ON IT AT THIS STAGE EXCEPT TO SAY THIS - THAT IF WE ONLY GOT A RELATIVELY SMALL PROPORTION OF THE GROWTH IN THE CHINESE INDUSTRY, TOWARDS THE END OF THIS CENTURY IT COULD REPRESENT SOMETHING LIKE A DOUBLING OF OUR CAPACITY OF INDUSTRY IN AUSTRALIA. AND I DON'T WANT TO OPEN UP UNDULY WIDE EXPECTATIONS, BUT I DO MAKE THIS POINT THAT THE CONCEPT OBVIOUSLY IS ECONOMICALLY ATTRACTIVE TO THE CHINESE AS WELL AS TO OURSELVES. AND IT MUST BE SEEN AS CAPABLE OF SOME SORT OF EXTENSION TO OTHER COUNTRIES IN OUR REGION. AND WE WILL BE LOOKING AT THAT AS WELL.

JOURNALIST: ...RELUCTANT TO MOVE INTO STEEL EXPORTS IN THE PAST. TIME. AND SECONDLY, HOW DO YOU THINK IT MIGHT BE DIFFERENT THIS WILL AUSTRALIA'S INDUSTRIAL RELATIONS BE A PROBLEM IN THIS SORT OF PLAN AND DID YOU DISCUSS THIS WITH THE PREMIER?

P.M.: GOING TO THE FIRST QUESTION - IN THE PAST EHP, AS YOU RIGHTLY SAY, HAS BEEN SOMEWHAT LESS THAN IMAGINATIVE AND ADVENTURESOME IN ITS PLANNING IN REGARD TO EXPORT MARKETS. BUT I THINK ONE MUST SAY THIS THAT NOW THE ECONOMIC REALITIES OF THE WORLD SITUATION ARE IMPOSING CERTAIN IMPERATIVES UPON THE PLANNING STRUCTURES AND INTENTIONS OF COUNTRIES AROUND THE WORLD INCLUDING IN OUR REGION. AND THAT MEANS THAT THERE IS ON THE PART OF THESE COUNTRIES IN OUR REGION QUITE COMPELLING REASONS WHY THEY SHOULD NOW BE PREPARED TO DISCUSS WITH US PLANS ON A LONG TERM BASIS FOR THE SUPPLY RAW STEEL. WE ARE NOT NOW IN THE PERIOD THAT PERHAPS CHARACTERISED THE 50' AND 60'S AND THE EARLY '70'S WERE THERE WERE SORT OF UNLIMITED VISTAS OPEN TO A NUMBER OF COUNTRIES IN WHICH THEY THOUGHT THEY COULD DO EVERYTHING THEMSELVES. YOU REALISE THAT IN THE TOUGHER INTERNATIONAL ENVIRONMENT NOW IT MAKES SENSE TO ALL COUNTRIES TO SEE HOW BY SOME DEGREE OF INTEGRATION WITH OTHER COUNTRIES THEY CAN REDUCE THEIR OWN INVESTMENT LEVELS AND DEMANDS AND SO THE OPPORTUNITIES FOR THOSE REASONS ARE GREATER NOW. THE OTHER POINT I WOULD MAKE IS THAT IN THE PAST YOU'VE HAD CONSERVATIVE GOVERNMENTS IN AUSTRALIA WHO HAVEN'T BEEN COMMITTED TO THE CONCEPT OF AN INTEGRATED PLANNING APPROACH FOR THE BENEFIT OF THE AUSTRALIAN ECONOMY AT THAT PRESENT TIME AND INTO THE FUTURE. YOU DO NOW HAVE A GOVERNMENT WHICH IS CONCERNED IN CONSULTATION WITH INDUSTRY TO PLAN AND THINK FOR THE FUTURE. SO I THINK THOSE TWO FACTORS, THE EXOGENOUS REALITIES, IF YOU LIKE, OF THE INTERNATIONAL ECONOMIC SITUATION ON THE ONE HAND, AND SECONDLY, THE FACT THAT YOU DO HAVE A GOVERNMENT COMMITTED TO PLANNING FOR THE FUTURE. THOSE TWO FACTORS MAKE THE DIFFERENCE.

THE SECOND QUESTION THAT MR KELLY HAD ASKED AND THAT WAS IN REGARD TO INDUSTRIAL RELATIONS - YES, I SPECIFICALLY RAISED THIS QUESTION WITH PREMIER ZHAO AND INDICATED THAT IF WE'RE GOING TO ENTER INTO THIS INTEGRATION OF OUR IRON AND STEEL ECONOMIES THEN WE WOULD UNDERSTAND THE DESIRE ON THEIR PART TO HAVE A CONTINUITY OF SUPPLY. AND I INDICATED TO HIM, INDEED I GAVE HIM THE UNDERTAKING, THAT PART OF OUR COMMITMENT IN THIS PROCESS WOULD BE THAT NOT AT THE END, AS SO OFTEN HAPPENS IN THE PAST, WHERE YOU'VE ESTABLISHED AN ENTERPRISE AND GET THINGS GOING AND THEN YOU START TO THINK ABOUT INDUSTRIAL RELATIONS - AT THE OUTSET WE WOULD BE TALKING WITH THE UNIONS SO THAT IN THE ESTABLISHMENT OF THIS RELATIONSHIPMENT THERE WOULD BE INDUSTRIAL RELATIONS CONTRACTS ENTERED INTO WHICH WOULD HAVE GRIEVANCE PROCEDURES SO THAT THERE WOULD BE A CAPACITY ON THE PART OF OUR CUSTOMERS AND OUR PARTNERS IN SUCH AN INTEGRATED PROCESS OF KNOWING THAT THEY WERE NOT GOING TO HAVE THEIR SUPPLIES INTERRUPTED AS A RESULT OF AVOIDABLE INDUSTRIAL RELATIONS TROUBLES. SO THAT WOULD BE DONE AT THE OUTSET WE WOULD NEGOTIATE WITH THE UNIONS TO GIVE CONFIDENCE TO OUR PARTNERS.

JOURNALIST: (INAUDIBLE)

P.M.: THE TOTAL INDUSTRIAL RELATIONS CONTRACTS, IN WHICH WE INCLUDE THE WAGES ELEMENT. BUT, OF COURSE, WE HAVE THAT PART OF THE INDUSTRIAL RELATIONS SITUATION COVERED BY THE NATIONAL ACCORD AS IT IS NOW.

JOURNALIST: IS THIS JUST THE BEGINNING, PRIME MINISTER. CAN YOU IDENTIFY ANY OTHER AREAS WHERE WE CAN ...

P.M.: OBVIOUSLY THE IRON AND STEEL INDUSTRY IS BASIC FOR TWO REASONS IT IS BASIC TO ALL ECONOMIES. BUT SECONDLY IT'S VERY IMPORTANT FOR

US BECAUSE AUSTRALIA IS BLESSED WITH THE CONJUNCTION OF UNLIMITED IRON ORE SUPPLIES AND COKING COAL SUPPLIES OF TOP QUALITY. AND THEREFORE IT MAKES SENSE TO START IN THIS AREA. AS I SAID TO YOU BEFORE THIS REPRESENTS A CONCEPT THAT I HAVE BEEN THINKING ABOUT FOR A LONG TIME. IT REPRESENTED A PART OF OUR THINKING AND ANALYSIS IN THE CRAWFORD INQUIRY. AND WHILE THE IRON AND STEEL INDUSTRY LENDS ITSELF MOST IMMEDIATELY AND FUNDAMENTALLY TO OUR THINKING OBVIOUSLY WE WOULD WANT TO BE THINKING, AS I'VE SAID AS YOU KNOW FOR MONTHS AND ON THIS TRIP, ABOUT HOW WE CAN ENMESH AND INTEGRATE OUR ECONOMY WITH THIS REGION. BECAUSE, I REPEAT, AS IT WOULD HAVE BECOME APPARENT TO ALL OF YOU NOW I THINK, OF JUST HOW DYNAMIC AND RAPIDLY GROWING THIS WHOLE REGION IS. AND IT'S MANIFESTLY FOR THE FUTURE BENEFIT OF ALL AUSTRALIANS IF WE CAN INCREASE THIS DEGREE OF INTEGRATION. WE'RE GOING TO HAVE A LOT ON OUR PLATE NOW IN GIVING EFFECT TO THE AGREEMENT WITH THE CHINESE TO STUDY THIS INTEGRATION IN THE IRON AND STEEL INDUSTRY. AND I REPEAT I HAVE ALREADY INITIATED THE WORK ON OUR SIDE AND I BELIEVE THAT THE CHINESE ARE READY TO MOVE JUST AS QUICKLY AS WE ARE.