



## PRIME MINISTER

E & O E - PROOF ONLY

TRANSCRIPT OF SPEECH AND QUESTIONS AND ANSWERS FROM JAPAN  
NATIONAL PRESS CLUB - TOKYO - 16 MAY 1986

Good afternoon ladies and gentlemen we should like to start this press conference given by Hon. Prime Minister of Australia, The Hon. Robert Hawke. As many of you know already Mr Hawke became the Prime Minister of Australia in March 1983 and his visit to Japan this time is his second visit to Japan and last time when he was in Japan was in 1984 and at that time on the 2nd February he was so kind as to come to our Japan National Press Club and give us a press conference that time as well. And I am led to understand that he has wide ranging recreations and hobbies which include reading, cricket and .. and also he has started playing and enjoying golf recently but his handicap is a state secret so we should not inquire about it.

One more addition is that as again it is very well known his high popularity among ladies and ladies daughters is a pronounced phenomenon and also in the past <sup>in his young</sup> he prided himself on his large capacity for alcoholic intake. However nowadays because he is busy in his official duties and his utter devotion to his work. he has stopped drinking.

About the proceedings of this press conference today at the outset the Hon. Prime Minister will give us a short remark for about a few minutes and then I understand he is so kind as to entertain as many questions as time and the interpreter for you today is ... and your Master of Ceremonies is ..... and I hope you will cooperate with my inexperience a of ceremonies.

PM: Well, Mr Fukagawa , I had to come along way to find some of the secrets of the past unfold by you. Thank you very much indeed. As you have indicated, I will take a little time in beginning making a statement and I apologise to my Australian colleagues because a fair bit of what I will need to say to our Japanese friends I have already conveyed to them.

I have had the opportunity of very cordial and constructive discussions with PM Nakasone and with Foreign Minister Abe Finance Minister Takeshita, MITI Minister Watanabe and Agriculture Minister Hata and a number of parliamentarians concerned with agricultural issues.

The major topic of our discussions was of course the Tokyo Summit and I appreciated the willingness of Japan to put as they did at the Summit that Agriculture should have a common place in the new MTN round, that it was expected that there should be decisive progress made at the September Ministerial meeting to launch the new round and that in the meantime the work to be done in the OECD context will serve as preparation for ~~global~~ negotiating process and I also in this context expressed our satisfaction at the cooperation extended by Japan with our regional trade initiative.

I noted the reassurance of Mr Nakasone that the participants of the Summit have been prepared to take into account the interests of non-summit agricultural producers and I thanked him for taking our concerns and putting them before the Summit participants.

Another major issue that was discussed was the restructuring of the Australian and Japanese economies. In the case of Japan the important backdrop is the Maekawa report, market opening measures and the realignment of currencies involving the substantial appreciation of the yen.

I welcomed the opportunities which these presented to Australia. I expressed regret that so little had been achieved so far in respect of agricultural products. I noted that the Maekawa report was the most positive step in recent times and I can say that Prime Minister Nakasone responded that the Japanese leadership is pledged to promote implementation of the report and that this process has now only just begun.

I suggested to PM Nakasone that it was a propitious time to agree to an exchange between Japan and Australia of investment missions and the Prime Minister agreed to this proposal in principle with the details and timings to be worked out now in discussions between government and private sector people.

We both noted with pleasure that our trading relationship is already broadening as a result firstly of the Australia Japan Market Strategy, secondly it was a very significant increase in tourism and also in the area of finance and banking particularly as a result of significant deregulation of financial sector and the introduction of a number of foreign banks including three from Japan.

I emphasised to the Japanese leadership the Japanese market for our traditional exports remain vital and I stressed to them Australian reliability and international competitiveness in both minerals and agricultural products.

I pointed to the 5 advantages to Japan for a more liberalised regime of agricultural imports. Those 5 advantages are: reduced food costs and prices for Japanese consumers; release of resources in this country for more productive uses; lowering of your trade surplus and alleviation or assistance in alleviating the international agricultural crises, and a increased stability of supplies at lower cost.

I discussed several issues relating to our mineral exports and in relation to coal where a review of Japanese policies in regard to coal industry may open up new opportunities. I stressed that Australia would have a very strong interest in competing on a commercial basis for any additional tonnages. I said that we would not be seeking any special advantages but

would be relying on our competitiveness and reliability as a supplier to the Japanese market and I received reassurances from Mr Nakasone and other leaders that Japan would not be proceeding in this area with any bilateral arrangements at Australia's expense.

I laid particular stress on all this area about discussions on the outstanding record that's been achieved under my government in the area of industrial relations. I pointed out that the level of industrial disputes in Australia is now down to the lowest level in two decades and that was in the context of/Australia which is I would suggest is in amongst the most politically stable countries in the world and that this concept of new industrial stability and political stability is something which ought sensibly to be taken into account by Japan in making decisions as to its source of supplies.

Then may I say we also had a useful exchange of views, the Prime Minister and myself on other major matters that arose at the Summit included terrorism, the US/Soviet talks on arms control, the Chernobyl incident and the need to strengthen the International Atomic Energy Agency machinery. I indicated on the latter point that we have recently written to Mr Gorbachev calling for his support for an Australian initiative for a meeting of the IAEA authorities with a view to creating a new international convention to establish the basis for exchanges of information in the event of any nuclear incidents or accidents.

And finally, we also discussed a number of issues that are important to both our countries including recent developments in the Philippines, ANZUS, Japan's relations with China and also the involvement of Japan in the bi-centennial celebrations in Australia in 1988 which I expressed the extreme gratitude of the Australian government and people for the degree of involvement by Japan. I expressed this gratitude to both Mr Nakasone and to the ~~Business~~ Committee which is involved in mobilising private sector support.

JOURNALIST: According to the information I have just received from the US, DOD of the US made an announcement that in the RIMPAC 86 scheduled to start on the 18 in the Pacific Ocean in that connection US has made a decision not to invite New Zealand to take part in the RIMPAC 86. First of all I should like to confirm this information if it is true or not and if this is true then I should like to invite your comment and views on this particular US decision and I understand that its one question eabh but a related question if I may I should like to ask you the following. That after the Prime Minister Lange's regime came into power in New Zealand the ANZUS treaty has been in a state of de facto holding and whereas Australia consistently expressed a wish to normalise the ANZUS treaty situation does this mean that you wish to see the change in the New Zealand non-nuclear policy and in this connection do you see any possibility for the New Zealand nuclear policy to change.

PM: Let me take that point by point. In regard to participation by NZ in RIMPAC 86 for the US to adopt that attitude would be a logical extension of the position that they have adopted since the announcement of the NZ position a considerable period of time ago. They have not continued the military cooperation which had characterised the previous position. To go to the next part of your question, let me say this. That we in Australia since the Lange government came to power and made their position known in regard to the non availability of their ports for ships of the US which may be nuclear armed or powered (omitted) that it is for New Zealand to make up its own mind about its policy. We've said we don't agree with it but we have not sought to force change upon them nor have we acted as an intermediary for the US. We have taken the view that that is a matter for resolution between the US and NZ. You asked me whether I believe there is likely to be any change in the policy of NZ. I must say that on the best information available to me I would think not. Now, our position is that if NZ goes ahead with its policy and enshrines that in legislation and the US in those circumstances announces an end to its commitment to NZ under ANZUS we have said that our relationship commitments, rights and obligations under ANZUS would remain operative, that we would believe that the most appropriate way of recognising that would be by exchange of letters between President Reagan and myself, that the normal treaty should be left in existence so that should at some later stage NZ wish to resume its position under the treaty it would be able to do so. The final point I make is this. That we have made it clear and this is accepted and understood and agreed by the US that Australia will maintain a bilateral defence cooperation arrangement with NZ because of the obvious need for us to be able to maintain appropriate capacity and operative capacity within our immediate region.

JOURNALIST: Japan National Press Club:

Prime Minister Hawke I understand you will be visiting the People's Republic of China after your stay in Japan and now I think some interest is shown towards China in Australia with the prospect that China may be intaking more of the Australian iron ore and coal and I understand that there is now a takeover shall I say of Chinese fever over the very strong interest with China in Australia and so in this connection Mr Prime Minister how do you view the state of Chinese economy and the Chinese economy per se and also would you be placing more emphasis on Australia and Chinese relationship in the future compared to the Australian/Japanese relationship?

PM This question opens up very broad issues. Let me try briefly to make these relevant points. Yes, the relationship between Australia and China is developing rapidly. There has in the last couple of years been a doubling in trade between us. You refer to iron ore and coal. That is an important area but we also have agreements with China umbrella type agreements not only in iron and steel but in nonferrous metals and in wool and textiles and in the area of transport. We see a significant future for development of trade between our two countries. You asked me what is our perception of what is happening in China. I make no secret of the fact that I believe the single most important event that is occurring in the world today is the revolution that is taking place in China. It is important for the people of China, it is important for the region, I believe it is important for the world and we will do all that we can to assist in the opening up of the economic system in China and the opening up of the Chinese economy to the rest of the world. We regard this as a matter not simply of possible benefit to Australia itself but of significance as I say for the entire global community. You asked whether the development of that relationship would be at the expense of the relationship with Japan. The answer is no. We are a country of vast resources, we've got a lot of resources that you won't buy, that we wish you would if other will buy them we will welcome that but there will still be enough there to meet any expansion in demand that Japan may wish to call upon us. It is not a question of setting China off against Japan. We regard both relationships as currently important and of continuing importance in the foreseeable future.

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JOURNALIST: David Gee, ABC NEWS. Mr Hawke, can you clarify the position of the conference on the economy, the committee summit or whatever it is being called, that Mr Keating announced today who will be there, what will be discussed, is the Accord on the table to be discussed or renegotiated, will the promised tax cuts be given as planned and when did you discuss this with Mr Keating?

PM: Could I say to my Japanese friends I thought I had just done a quick negotiation with the Australian contingent to deal with these esoteric matters separately. But that's not done so I want to assure you my friends that while it may sound very esoteric to you, it is a matter of significant importance to our friends and to myself. So if you will excuse me I will address myself to this important question. The regular meeting of the advisory council on prices and incomes was held Melbourne this morning and as I am informed a discussion developed there in regard to the question of balance of payments and current account considerations. It was put by the business representatives there that they weren't in the same position as the ACTU to discuss these matters with the Government. My colleagues who were there, Mr Keating and Mr Willis, responded that they should feel themselves free to be just as much involved in such a discussion and it was in no circumstances that a discussion, a quite detailed discussion developed about these issues. Out of those discussions it was agreed that there should be a special meeting called which ACTU, the business organisations, the States and the Government and perhaps some others should be called hopefully within the next couple of weeks to discuss matters relevant to these issues of balance of payments and current account problems. As I understand there is agreement which I welcome that nothing should be excluded from these discussions which are regarded by participants as relevant. I believe that this development out of this morning meeting is to be welcomed and I hope that the meeting can be held very soon after my return to Australia.

JOURNALIST: SANKEI NEWSPAPER: I should like to ask the following two questions as regards the South Pacific region. Australia has put forth the idea of a South Pacific Nuclear Free Zone Treaty and would you not think that such a treaty may exert a negative impact to the security of the western nations or the security of the west in the future in the sense that the security of the west based on the centring around the nuclear element or the nuclear partition - that is my first point. My other point is that the Soviet Union concluded a fisheries treaty with Kiribati

(section inaudible)

What do you think of the background of the Soviet move as such and what do you think of the motivation and objectives behind the Soviet move and if in case the Soviet Union may make further inroads into the South Pacific in this way what sort of measures or countermeasures will Australia be taking?

PM: Firstly the South Pacific Nuclear Free Zone treaty we would not have initiated the move for the South Pacific Nuclear Free Zone treaty as I did on becoming Prime Minister in 1983 at the first meeting of the South Pacific forum in Canberra that year if we had believed that the conclusion of such a treaty would prejudice our existing security arrangements and we fully informed the US of the moves that we were taking and indicated that with the conclusion of this treaty there would be no interference at all with the existing treaty rights and obligations and commitments. The treaty covers the question of nuclear testing in the region, the actual position and storage of nuclear weapons and the question of dumping of the nuclear waste. We believe that this is <sup>an</sup> extremely worthwhile advance in our region and it is our judgement and I think in the understanding of the US entirely consistent with our pre-obligations so therefore we don't accept that it will have any adverse impact on western security as you raised <sup>in your</sup> question. Secondly in regards to the extension of Soviet influence. Let me make these points. As we have made it clear to the US we believe that there was a degree of neglect in the conduct of the US relations with some of the island countries in the South Pacific that too much of the American interests in that area have been left to the American Tuna Boat Association and the activities of that Association have in our judgement not been conducive to the establishment of good relations as far as the US and countries of that region are concerned. It was within that environment that the Soviet Union was able in fact to conclude a fisheries agreement with Kiribati and they are .... currently negotiating with Vanuatu. We have not welcomed those developments but I believe it should not be an over exaggeration of them. It is significant that the US has been now some time engaged in meaningful constructive negotiations with the countries of the South Pacific under the forum fisheries arrangement in an attempt to achieve a multilateral fishing agreement. Very considerable progress has now been made on that and if that is finalised then I think much of the context within which the Soviet Union has been able to make these limited advances will be neutralised. We, Australia maintain a very effective defence cooperation program with the countries of the region, we will continue that. One particular aspect of it is the provision of patrol boats which will be manufactured in Australia and provided to other countries in the South Pacific who request them. So in total in answer to your second question I say we don't welcome developments but we don't exaggerate the concerns attached to them and we are possibly doing those things which we believe will strengthen the relationship of our country and our allies with the countries of the region.



JANET SLATE FROM UPI: you were talking about trade bilateral trade arrangements at Australia's expense. Australia has long expressed satisfaction with the beef quota situation here in Japan which does lean heavily toward imports of US beef. What sort of contrary proposals did you make in your discussions here in Tokyo to enlarge the Austrlian ~~pie~~ of the pie should we say?

PM: I perhaps should say the beef stew. The two things. Firstly, I madethe point that as a result of the very significant appreciation of the yen it should be possible to have at least a significant reduction inprices for the beef which I believe should therefore allow an increase in imports and in that context I suggested that it be appropriate that Australia should have a reasonable opportunity to take advantage of any such increase which would mean benefit to us and at the same time considerable benefits to the Japanese consumer. The second point I contented myself with was to point out that the agreement expires in 1988 and I hope that the Japanese can agree to an early start on the negotiations so that <sup>any</sup> new situation to arise out of the negotiations between .... inaudible .....

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