



PRIME MINISTER

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TRANSCRIPT OF PRESS CONFERENCE AT THE MANILA HOTEL
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JOURNALIST: Mr Hawke, can you give us some indication of the discussions with Hu Yaobang, what were the nature of the discussions?

PM: I can't go into all the details but I can say to you that we covered a broad range of relations involving China with the West, with the Soviet Union and with our own bilateral relationships. And he gave me his exposition of the way he and the leadership have China saw the current position in regard to those relations and their view of the future. Now there are a couple of aspects of those discussions which were by their nature confidential and I am not in a position to elaborate on them.

JOURNALIST: Sir, bearing in mind our relationship or our position on the Security Council, was South Africa discussed, any South African initiatives put?

PM: South Africa was mentioned and their position is clearly as you would expect as being in something of a leadership with the third world countries in line with the sort of approach that we have adopted but it would be misleading to suggest that it occupied a significant part of our discussion.

JOURNALIST: Do you think as a result of these talks there will be any diplomatic action or initiatives taken with Australia individually or jointly with other countries and do you see these talks as the outlook for Australian foreign policy to any great extent?

PM: I will take the second part first. I can't see that as a result of these talks that there will be any change in direction of Australia's foreign policy. For that to be the outcome you would have expected that there were some issues on which we had differences of opinion and that we were therefore either going to convert China or we were going to be converted ourselves. The great benefit of the relationship that we have is that there is considerable identity of positions in regard to bilateral and regional

and global matters that substantial identity was confirmed in these talks. So no, Paul, I don't see new directions. What I do see, which I think is of importance, is the confirmation of the position between us that it was appropriate because of what I have said, because of the substantial identity of views that we have on this wide range issues that we should increase the level of consultation that we have. And this really to be done in these ways, the consultation that takes place in the forums and between our representatives should continue and be strengthened and a suggestion that there should be even more interchange of correspondence between us at the leadership level on particular issues and that certainly something that we will be doing.

JOURNALIST: What kind of issues are you talking about?

PM: Well, just let me give you an example Mike, take the question of the Committee on Disarmament and the Comprehensive Test Ban Treaty. In that area we think it appropriate that we should have even closer consultation. The Chinese for instance, also have, I think, a growing interest in the South Pacific region and so I think we would be moving to keep them even more closely informed about developments there. They were very appreciative of the initiative that I took at the last forum of indicating to the forum countries the fact of China's growing interest in the South Pacific region and our preparedness to act if you like as an intermediary, an introducer of China to the countries of the South Pacific region. Those facts you may recall are noticed in the South Pacific Forum Communique. And I have undertaken to continue to advance the notification of their interest to the countries of the forum. So I use those sorts of examples and it is not intended to be exhaustive in any way.

JOURNALIST: Did you get any indication from the Chinese that they might scale down development of their own nuclear program other than the announcement they have made not to go ahead with atmospheric nuclear tests?

PM: You mean their program for peaceful purposes, the generation of power you mean?

PM: No, I meant the development of nuclear weapons.

PM: No, no indication in that area other than within the general statement of commitment that they share with us to the desire to create a position in which there will be a move on the part of the two super powers to move to further talks to bring about a reduction in the level of nuclear arms. They identify with our position in that area and to the extent that there was as a result of those discussions and other initiatives in international forums an increase in the thrust towards disarmament particularly in the nuclear area, China would identify with that thrust but apart from that, no, there was nothing.

JOURNALIST: Mr Hawke, can I quote from yesterday's China Daily in which there is a storey that says that Pakistan's President,, said here on Thursday that the development of relations between Pakistan and China has provided a model for the rest of the world on peaceful co-existence between countries of different social systems. That has a familiar ring to it, does it suggest that this is a consistent diplomatic line that the Chinese use?

PM: You are saying that the President of Pakistan said that.

JOURNALIST: The President of Pakistan said that the relationship between Pakistan and China

PM: Yes, I heard what you said. If the President of Pakistan said that I am glad he is saying it. I think if they can develop good or better relations we welcome that. We don't seek to have a monopoly on good relations with China and you wouldn't say that our system was identical with that of Pakistan. Now when I talk about and the Chinese talk about model constituted by that between Australia and China, we are talking about, in our case, a parliamentary democracy, Now, by now stretch of the imagination or the English language does that apply to Pakistan. So there will be obviously a number of models and I have no reason and I am sure the Chinese have no reason to change the statement we have made in regard to the appropriateness of our model for our system.

PM: Prime Minister, did you discuss the Chinese relationship with the Soviet Union and if so did you perceive any change?

PM: There were discussions particularly with Hu Yaobang although not exclusively with him on this issue. There were some elements of the discussion which I am not at liberty to go to. But I think I can fairly say this that the position of the Chinese leadership is that they are consciously lifting the level of the economic and commercial relationship and they see that as beneficial to them and of some benefit to the Soviet Union. But they are quite clear that that lifting of the economic relationship does not involve a normalisation of the political relationship. The three obstacles are clearly not merely a matter of political rhetoric with the Chinese leadership. And those three obstacles as you know are the substantial presence of Soviet military forces on their border, the occupation of Afghanistan and their presence in Vietnam. Those three issues are of quite fundamental significance to China and while those three obstacles remain then I believe that they are studying the position as it is and they state, yes, an improvement in economic relationships but no normalisation of the political relationship.

JOURNALIST: Mr Hawke, did you cover with Mr Hu relations with Indonesia because China has not got on well with Jakarta for many years and we have been having our concerns. Did you cover these particular problems each country is having?

PM: There was a reference to the region and Indonesia did get mentioned but it would be quite wrong to say in answer to your question that was any detailed discussion on the points you raised.

JOURANLIST: Do you think we have any role at all to play in the relationship between China and the United States and what was discussed?

PM: Well, you would know that out of my previous meetings, the earliest meetings in 1983 that we did raise with the United States the question of the then current United States position towards China on the exchange of technology where China was categorised in the same group as the Soviet Union. Now we raised that matter and following but I am not saying exclusively as a result of our representations the categorisation by the United States of China was changed to friendly but not allied country. And there was an increase in the exchange of technology. So it is the case that from the very beginning of the relationship with China under my Government starting in 1983, we have seen it as appropriate to use our particular relationship with the United States to advance the cause of closer China/United States relations. And in the discussins^x that I had on this occasion without in any sense going into details because I am not going to, it is quite clear that there is a continuation by me on behalf of the Australian Government and people to use that relationship that we have with the United States to expound the positions of China because quite clearly it makes sense of the regional and global perspectives that one would have to see as far as one can an improvement in the relations between the United States and China. It is in the interests of the two countries. It is certainly in our interest that understanding and relationship should improve. And I think my discussions with the Chinese leadership have left me with the impression that while there are still some areas of difficulty if you like that you would have to say that there is I think a gradual improvement in the relationship between the two countries and I think that is a very useful thing.

JOURNALIST: Do you think that the Reagan Administration has taken advantage of the potential relationship it could have with China or do you think it has been a bit slow?

PM: I think that it will always argue in respect of most countries with the exception of our own that there could have been an earlier and deeper understanding of the significance of what is happening in China. I think I have said to some of you before that as far as the United States generally and not just the Administration that I am somewhat surprised to government that there hadn't been an earlier understanding of the dimension and the significance of the changes that are taking place in China. I think therefore it is true to say of the Administration that perhaps that has been a little slower than one would have expected.

But now it is the case I think that the United States Administration does have a clear picture of the importance of these changes. And at the level of not only the Administration but I think the American business community there is a growing perception of the importance of China. So my view is yes, perhaps some original tardiness in perception but I think it is fairly clear now.

JOURNALIST: Mr Hawke, when you were in Japan did you alert the Japanese leadership of the prospect of a significant upgrading of Australia's ties with China on this visit and if so what was their reaction?

PM: I don't know that alert is the right word. I think if there were any attempt to make a secret of my perception of the importance of Australia's relations with China and my commitment to upgrade them it would have to be the worst kept secret of all time. And so I was quite straight forward in my discussions with the Japanese in letting them know the importance that we attach to this relationship, our intention to strengthen that relationship and that was I think welcomed by Mr Nakasone and in fact he pointed out to me the importance that he and his Government attach to China. He said further that he thought that the relationship between China and Japan was improving and further he asked me to convey his best wishes to the Chinese leadership which I did.

JOURNALIST: Just going back to the question of Indonesia. Do you think that the increasing warmth that the relationship with China coming after the problems Australia has had with Indonesia recently could be misinterpreted in Indonesia and could aggravate the difficulties?

PM: I don't think so Michelle, I think there is a clear enough understanding that what has happened in the Australian /Indonesian relationship has been at the government to Government level initiated by the Indonesians and not by Australia. So if there have been changes and of course there have been then they understand that the responsibility at a government to government level for those changes rests with the Indonesian Government. They do not and cannot expect that I am going to, on behalf of the Australian Government, conduct relations with other countries on the basis of whether Indonesia will have some reaction to those developments which I see as intrinsically important for Australia's interests and nor have I had that intention. As far as I am concerned the reasons for the work that we are putting into developing the Australia/China relation are clear, they are correct, they will remain relevant into the foreseeable future and we will therefore pursue those interests for those correct reasons. They are not being pursued with any intention of setting off that relationship against another country whether it be Japan, if you remember I was asked that question at the conference in Tokyo. It has not been done for that reason nor has it been done for some compensatory reason Indonesian relationship.

It is simply the fact that by any sensible and intelligent appraisal of Australia's interests we must see what is happening in China as a fundamental importance. It is in the best interests of Australia, China, the region and globally that we do what we can to strengthen the relationship.

JOURNALIST: Prime Minister, at the end of the week in China what are your views about the workability of Communism as a system of Government? Do you think it would work in Australia today?

PM: Well, what I think, the most useful way of answering a question which I think if I may so, an important question is not in a sense my perception, not immediately, I'll come to it but rather the perception of the Chinese themselves, I think it's fair to say that the Chinese leadership, which is now quite clearly extends, you know, throughout the Country, when I talk about the Chinese leadership I'm not talking simply about Chairman Deng, General-Secretary Hu Yao-Bang, Premier Zhou or Secretary Hu Qi Li but quite clearly the case is now that the leadership throughout China at all levels has accepted and embraced the concepts that have been espoused by the central leadership, so, (I put that in bi-parenthesis) the Chinese leadership, in that sense, have demonstrated an admirable flexibility in their concepts of socialism. I think it's important, first of all, to make the point that there remains a commitment to certain basic principles of socialism as they see them and that is firstly, that major areas of the economy, as I think I said to one or two of you on the plane, if you use the language of the new the commanding heights of the economy, I think they remain committed to the view that those should be totally retained within the area of public ownership and direction, and as far as the ownership of land is concerned, basically, that should remain within public ownership. Now, within a commitment to those basic concepts, they have demonstrated a continuing flexibility as to the administration of the economy without being exhaustive about it let's pick up these elements. They see as significant a continuing devolution of responsibility for decision-making to the level of the enterprise. Where previously direction as to types of activity, levels of investment and rewards for participants were, there is this now increasing devolution of that decision-making to the enterprise. That they can, instead of all the profit of the enterprise just being taken by the centre, they will be able to make decisions on how they use that profit in terms of new investment, in terms of degrees of reward to those engaged in the enterprise and so on. They are also moving much more to indirect forms of translating the central objectives rather than direct forms of control and the concept of incentive is being extended now from the rural economy where it's being outstandingly successful, that's being extended increasingly to the urban economy. Now associated with that is a commitment to continuation and extension of the open door, utilisation of the technology, the capital of the West, particularly in an increasing number of joint ventures, so that this flexibility which they are demonstrating shows that they abandon, if you like, an earlier and sterile commitment to the rigidities of Marxist-Leninist dogma. So, I think the important answer to your question is that they have shown considerable flexibility. They would still say that this a flaw of socialism adapted to the needs of China and I think

they mean that and they have that commitment. The important thing from the point of view of Australia, and I believe of the World community, is that the flexibility that they are showing, means a commitment to co-operation with the rest of the World. The quite damaging closing off of one-quarter of the World's population which had characterised an earlier period before the reforms of the sixth five year plan and now into the seventh five year plan, that's come to an end. It was obviously deleterious for the World that that large proportion of it's population was closed off. Secondly, it is tremendously important, I believe, for the rest of the World that they, the leadership of China, sees an internationally and regionally peaceful environment as the fundamental condition for the achievement of their reforms. They understand quite clearly that it will not be possible to reach or surpass the targets they have set themselves for the rest of this century and into the first half of the twenty-first century, if there is not World peace. And so, you're going to see an increasing involvement, I believe, of China in the Third World forces in the relevant international forum, to help to create an environment of peace. Now I don't believe in any of these things, either in the way in which they're going about their internal economic and political reforms or their perceptions of their place, increasing place, in the World. That they find themselves constrained by saying, is this in accordance with some pre-conception about communism or socialism and I find this extraordinarily satisfying and reassuring as far as the rest of the World is concerned. Sorry for the length of the answer but I hope it picks up the sort of things.....

JOURNALIST: Mr Hawke, just following on from that, did they talk at all about possible tensions that may emerge in their Country as a result of these developments?

PM: I think one of the most refreshing things about listening to and talking with the Chinese leadership and I think you know I've had a, as they say, an unparalleled opportunity both in terms of length and in depth with the leadership of China, is that they recognise the problems and the constraints that are involved in what they are about. They don't see it as a straightforward uncomplicated path. They recognise for all, both in terms of party organisation and public education, that it will need to be worked on to ensure there is a growing understanding amongst the people of China as to both the directions and the purposes of the reforms. I think that what is reassuring is that, and I had a better opportunity on this occasion than in '84, when you go out to the regions, and we in fact saw, in the four provinces we met, as I've said, with over a quarter of the population of China, you can see that there is a reflection at the regional and lower levels of the leadership of these places, as you talk not just to governors but to mayors and other officials and they are enthusiastically going about the task of not merely implementing a central doctrine, if you like, a centrally conceived doctrine, they embrace it. Now I think it's not just being a question made and saying, well look, they're saying these things, you can, I think intelligently, apply the tests about what you hear them saying because you can see, and it's natural enough, that they appreciate the devolution

of decision-making, the devolution of responsibility. They are responding to those challenges that are created, you can see when you're talking to them that they have great pride in referring to the levels of increase that have taken place in the sixth five year plan, the way in which they are approaching the task of trying to meet and surpass the sorts of targets for the future and also what's interesting is you see the different levels of economic achievement of economic wealth. For instance, you go to Szechuan and you see that, while they were in the forefront of the reforms in the agricultural area, they are not at the same level of per capita income as in the prosperous eastern provinces and they see themselves as having a responsibility of accelerating the reforms so that they can lift their people to these high levels. So, it's clearly not a question of rhetoric, it is a question of it happening and happening, I think, with a remarkable degree of integration between the centre and the provinces, and when you think about, how do you run a vast country like that of a billion people, you know it's mind boggling and yet it is working with an appropriate degree, I think, of responsibility between the centre and the regions. That part of my answer goes to, if you like, the concept of economic management. I think, at the level of political organisation, there are conscious plans to see that the party mechanisms are developed in a way which reflects the economic imperatives as well. Just let me give you this example. Mr Hu Qi Li was saying to me that the main work that he's now involved upon is preparing for the meeting in September of the Congress of the Central Committee, which involves some 320-odd people. Now, what he is doing is getting the documents prepared for that and he said what he wants to do is ensure that those are prepared as soon as possible so that they can go out to the provinces and the regions, so that they will have the opportunity of analysing those documents, which is looking at the immediate next period, as to what needs to be done, so that they will have the opportunity of analysing them and by the time they come to the meeting in September, will be well prepared so that they can make their contributions of the task, their task at the Centre will be to take account of what will then be very considered observations for suggested amendments from representatives around China and then finalise for the next period, the sort of details approached. Now it seems to me, again I apologise for the length of the answer but I think it's relevant to the concept about "Do you see problems...?". They are aware of the need to involve leadership right throughout in the economic reform as the process is so that there is this degree of involvement, to which I refer. So, that's what find refreshing, that in a country of the just unbelievable complexity of a billion people, of that size, with different levels of development, that they do seem with an extraordinary degree of intelligence and sensitivity to be making the sorts of decisions which are necessary to cope with the undoubted problems that will arise.

JOURNALIST: Mr Hawke, will you be indicating to Mrs Aquino that the Australian Government would like to see American facilities remain in the Philippines when renegotiation comes up?

PM: I'd be more than happy to answer that question after I've spoken to Mrs Aquino. I think it's more appropriate that I have the discussion with her, but I think you could expect that, given the position of the Australian Government where we have made the conscious, deliberate decision to host the joint facilities for reasons of our perception of their importance in the global framework of stable mutual deterrents, having made that decision ourselves, we would see it as appropriate here.

JOURNALIST: Mr Hawke, did the Chinese leadership express to you the particular concern about Soviet activities in the Pacific, particularly the South Pacific? If so, what were the nature of.....?

PM: I did have some discussion with them about this and I put the view, Jeff, that we did have a concern about this. We were not exaggerating the nature of the problem and I think it's fair to say that's a perception which recommended itself to the Chinese leadership.

JOURNALIST: What will Australia do to increase our access for Chinese products, particularly clothing textiles.....?

PM: I think these things are relatively said there. Firstly, we reached agreement, Mike, on establishing a joint ministerial committee on trade and economic relations. That committee will not ignore, in fact it will draw upon, the resources currently involved in the various sectoral areas of co-operation now existing. On both sides we hear about by senior minister in the economic area and the purpose of that committee will be to ensure an adequate coordination of the various economic initiatives and activity to keep the progress in these areas under review, to identify projects for concessional finance and in that way..... committee will, as part of its responsibilities try and ensure that, at our end, there is a co-ordination of the efforts to increase the opportunities of access by China to our growing import market. So that's the first general answer. Secondly, I indicated to them that we will continue and try and increase the work under the China Action Plan whereby we provide facilities to China to examine in detail the structure of our imports and to see what sort of particular work may need to be done to ensure the appropriateness and relevance of Chinese products for that market. And we will - I said to them if there is any particular aspects of that China Action Program to which we've now added quite a considerable amount of money, if there are any aspects of that which they, on their examination, would like to see improved, then we stand ready to receive recommendations from them and I think it's fair to say, Mike, that they expressed their satisfaction with the commitment of the Australian Government to these processes. What their position is on the question of the bilateral trading relationship is this; they

recognise the imbalance that currently exists. They don't suggest that we can be moving in any immediate way to removing that imbalance, rather, they want to see a growth in trade, a significant growth in trade, but within that process of the growth in trade a relatively greater increase in the level of exports from China. So that there is, without an elimination of the gap a narrowing of it.

JOURNALIST: Mr Hawke, you are returning to Australia in a day, have you had or are you planning to have any discussions with your ministers over the weekend about the issues tax?

PM: I might be having some phone discussions before I leave here but Mr Bowen will be meeting me on my return. I have will have a discussion with him tomorrow night on my return and then we will be meeting with ministers on Tuesday.

JOURNALIST: Will you be talking with Mr Keating?

PM: Before I leave here?

JOURNALIST: Yes.

PM: I don't think so. I don't know, maybe.

JOURNALIST: I wonder if I could just clarify that previous answer. Can you tell us which economic minister you would anticipate heading up this from the Australian side and secondly, on footwear, clothing and textiles can we take it that what you are saying amounts to a commitment that protections would in fact be reduced in the next plan?

PM: I will take the two questions in turn. I have made no decision in regard to the minister at this point. Obviously I will be discussing this whole question with the Cabinet when I return and that decision will be made then. As to the second, what specifically we will be doing on the textile, clothing and footwear plan for the post-88 period has got to be decided on the receipt of the final report and the consideration of the final report by the IAC. We will be considering that but I have already said publicly as you will recall, I think it was included in the Nanjing speech, that clearly the post-88 plan must involve a program of reduction in protection.

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