



PRIME MINISTER

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JOURNALIST: Mr Hawke, are you worried about the way the America's Cup is going?

PM: Yes. I hope I get home in time to turn it around.

JOURNALIST: Have you spoken to anybody at home at about -

PM: About the America's Cup. No, I haven't. I made one phone call to see how it was going. But I haven't issued any instructions.

JOURNALIST: Do you still think we will win?

PM: I hope so.

JOURNALIST: Have you bought Mr Reagan's hat yet?

PM: I am not by nature a pessimist, you know that Gregory.

JOURNALIST: Do you think your presence back home will have a significant effect on Australia's chances?

PM: I hope I will be there in time for it to be relevant.

JOURNALIST: Prime Minister, have you raised in your talks with the Prime Minister here, your brief that the Israel and the PLO should ...

PM: I alluded to it today Peter. But I will be having detailed discussions tomorrow with Dr Meguid, the Foreign Minister, who was there today and with President Mubarak and I will go into more detail then. But I did go to it briefly today.

JOURNALIST: You mentioned in the speech that you are giving tonight that you encountered an emerging and important view that the confederation of Jordan was the most likely outcome. Where have you encountered that emerging and important view and does that include ...

PM: The language of that section is deliberate. It says, as I recall, in some of the talks I have had, that refers to the talks I had in Jordan and the talks I had in Israel with some of the Palestinians. Bringing all those talks together, there was that view. And I must say that in the brief discussions I have had today, I mean I have had discussions for three hours, but they were reasonably brief on this aspect, and I got the impression that same view was shared here.

JOURNALIST: What is your personal view about that sort of outcome?

PM: My view is, first, that it's for the outcome to arise from the discussions between the parties. It's what the parties arrive at is the agreement which I regard as the most appropriate. Looking at it from the outside, as not a party principal, it seems to me that something like that is the appropriate outcome because I share the judgement that is made by the people who have expressed that view to me, that there is no viable alternative in political or in economic terms.

JOURNALIST: Have your Egyptian counterparts filled you in at all on the reported improved relationship between Egypt and the rest of the Arab world?

PM: There was a brief reference to that. I repeat but just let me make it clear we had three hour discussions this afternoon. Firstly, myself and the Prime Minister for something like three quarters of an hour. And then we went into the meeting where he had many of his Ministers and so the day's discussions weren't dominated by the regional issues. There was discussion about it and I'll develop that more in the discussions tomorrow with the Foreign Minister and with the President. But to the extent that we did discuss it, there was satisfaction on the part of my Egyptian friends at the fact that they were involved once again in the Arab Summit, and satisfaction with the significant role that was played by President Mubarak. And there was a judgement expressed to me that it was a positive summit. And particularly they expressed with me their concern about the Iran-Iraq war and the hope that out of the Kuwait Summit there may be, as a result of a declaration made on this issue there, some moves towards a resolution of this issue.

JOURNALIST: What was the dominant theme of the talks with the theme?

PM: The order of events in the major meeting was the Israel-Arab dispute and the peace processes. That was the first thing that was talked about. Then there was reference to the Iran-Iraq war, reference to terrorism and the commitment of Egypt to do everything it can, not only itself but in within an international context, to try and stamp out terrorism. And then there was also reference to the co-operation between Australia in the non-proliferation field. They particularly referred, with gratitude, to the stance of Australia on apartheid. And then from those matters we moved to bilateral issues and we spent a good deal of time on those. There was the view expressed by the Prime Minister and his Ministers and to which I totally acceded that we should do all that we can between us to build the level of relationships, not only in the economic field. But I will go to that first. They referred to the very significant imbalance in trade between us and it is a gross imbalance in our favour. And I said that we would do everything we could to increase the opportunity for Egypt to expand its exports to Australia. We already finance exhibitions in our trade centres in Melbourne and Sydney. We will attempt to do more in that regard. I made the point that it would be my hope that the expansion of economic

relationships between us should as far as possible be directed to trying to see how we from Australia could assist Egypt in meeting the enormous challenges that they face in economic and social development in this country. Within that framework we agreed that we should look at the possibilities of establishing an overall joint committee between Egypt and Australia which would supervise developments in economic relations between us but also in the area of scientific and technological co-operation and in cultural and educational exchanges. In particular also, there was the suggestion made that we could see whether there could be established a joint Australian-Egypt business consultative council. I believe that that's a good idea. And there has already been some preliminary discussions with the Confederation of Australian Industry about that possibility. And we also talked about the possible involvement of Egypt in the bicentenary. So you can see that there was discussion about a wide range of matters. But perhaps I should also mention in the broad economic area the interest of Egypt in getting a greater degree of Australian involvement in the area of dry land farming and irrigation. And I indicated that we would certainly be prepared to seek to increase our involvement with them there. There was also some discussion about the possibility of an Australian initiative in the idea of building and supplying a coal-fired power station here at Zafarana, and they asked for some Australian involvement in the preparation of specifications for that project, which will have to be considered by the World Bank. And I would hope that as a result of the discussions that I have had, that when that process is developed that an Australian tender would have a good opportunity of being successful. But as they pointed out they would be required to call for international tenders that is correct. But as I say, I hope that with initial Australian involvement we would have a very good opportunity of being successful in that area.

JOURNALIST: Mr Hawke, did you get the impression that Australian wheat sales to Egypt are secure from the US/EC trade war in that area?

PM: Let me say this, that they expressed satisfaction with the relations between us on that. They referred to the recent signing of an agreement for 2 million tonnes of wheat. They expressed their gratitude also for the increase from 40,000 to 50,000 tonnes in the wheat aid supplied plus the agreement by us to build wheat silos in Egypt. So it is very clear that they have an excellent relationship with us and with our authorities in the area of wheat sales. We didn't go to the question of subsidised sales by other countries, but I formed the distinct impression that they like the relationship they have got with us in this area.

JOURNALIST: On the confederation, are you satisfied that there is a majority of support amongst the Palestinians ...

PM: I can't say on the basis of any poll that I have done or that has been done. All I can do, Mike, is to listen to a fairly wide range of people who have much closer associations with the Palestinians than I do. And the judgements, impressions I have formed are from people who obviously do have very close

associations with them.

JOURNALIST: ... confederation ... do you see, for example, a power-sharing arrangement between the Palestinians and King Hussein ...

PM: It is far too early for me to try and put myself into a position which at this stage, for instance, His Majesty hasn't moved into. He hasn't gone to the detail. You have got to handle these things in stages. You move from concept to negotiation then to details. It would be presumptuous for me to purport to lay down some detailed concept of the mechanics of confederation. What's important to say at this stage is that those that I have spoken to who are directly involved see that concept as the most likely outcome of the processes of negotiation.

JOURNALIST: Prime Minister, in one of your interviews last night you said that you had undertaken to make personal representations to the Government of China about the position in the Middle East. Can you elaborate on that?

PM: I don't want to go into all the details, but I can give you a general outline. What was put is that if the concept of the five permanent members of the Security Council's idea for a conference is to be pursued then that involves China. And it would be sensible to acquaint China with the thinking of those involved on this subject. And I am more than happy to convey that thinking to the Government of China.

JOURNALIST: Do they want China to re-open diplomatic relations?

PM: Israel would like to see diplomatic relations, yes.

JOURNALIST: But was it a specific request by the Israelis ...

PM: Yes they wanted me to put the position to China, yes.

JOURNALIST: If China were to re-open diplomatic relations ...

PM: You are not quite sure who would follow who, are you?

JOURNALIST: Has the visit of Mr. Sheverdnadze been confirmed yet?

PM: No, not to my knowledge.

JOURNALIST: Would you be raising that with ...

PM: Of course I would raise the question with him.

JOURNALIST: Prime Minister, are you encouraged by the recent apparent thaw in relations between Israel and the Soviet Union evidenced by the meeting in Washington between the Soviet and Israeli ambassadors?

PM: Yes I am. Any development in the relations between the Soviet Union and Israel is to be welcomed because it seems to me so obvious that if there were a resumption of diplomatic

relations, and particularly in a context where there was an improvement in the treatment by the Soviet of Soviet Jewry, must be a plus not only for the relations between Israel and the Soviet Union but for the region, and not only for the region because any improvement in the stability and the processes towards peace in this region are a plus for the whole world.

JOURNALIST: Does that committee that you mentioned ... economic relations ... a ministerial committee ...

PM: That is the concept that they put Mike, yes.

JOURNALIST: What is the value of the power venture?

PM: What is the value, the dollar-value?

JOURNALIST: Yes.

PM: There hasn't been any figure -

JOURNALIST: The magnitude?

PM: The magnitude of the generation is they are talking about 2,400 megawatts. So you can see from that you are talking about a considerable operation. I also add, Michelle, that it's not only the question of the construction of and supply of coal for that very substantial station but there could be also the question of the construction of associated port facilities. I don't want to leave the impression that we have done a deal on this. All I am saying is that there's been an Australian interest, there has been discussions and visits about this. And there was a quite extensive discussion between us today and very frank and direct in the sense that they wanted Australian co-operation in the initial stages of developing the specifications but pointed out that under the requirements of the World Bank which they hope would be involved in the financing of the project, under those processes, there is properly a requirement for international tendering. So there will be people other than Australia who will be interested. I am simply saying that I think as a result of these things there are some chance for Australia. Firstly, the undoubted competence that Australia has in the area of the construction of coal fired power stations, the competence we have in the development of port facilities. And secondly, the obvious cordial relations that already exist between our two countries which I have no doubt are going to be strengthened as a result of this visit. Now in the end, Australia will have to win our honest merits but I believe those merits are considerable.

JOURNALIST: Which Australian companies are involved?

PM: There is a group, the name I don't know, I haven't been told at this stage what particular companies are involved in it. So I can't convey it to you because I don't know what specific companies are involved. I could probably find out.

JOURNALIST: Prime Minister, could I ask you how you have had confirmed that the PLO, however reluctantly, has come to the

conclusion that Israel is here to stay?

PM: I guess one obvious part of the answer to that is that the year long process that occurred between King Hussein and Mr Arafat. That year long discussion, going from February 85 to February 86, was clearly based upon that assumption. I mean there was no argument about the reality of Israel and the continued reality in Israel.

JOURNALIST: Mr Hawke, what difference of ... did you find in your talks today ...

PM: A very considerable identity. Let me make this point, that the Foreign Minister said that it was not realistic to expect that Jordan could go into the direct negotiations with Israel by itself. That is precisely the point that King Hussein has made to me. There is an identity on the question of the need as they saw it for an international conference. An identity on the view that such an international conference would not impose solutions but would provide a framework within which there would be direct negotiations between the parties involved. On all these fundamental issues what I saw is a virtual identity of view.

JOURNALIST: Would Syria be involved in these talks?

PM: In the processes of direct negotiations within the framework of an international conference of course Syria would be involved. Without the presence of Syria you couldn't have a total conclusion of the peace processes.

JOURNALIST: But it appears that Syria ... is very hostile to the idea?

PM: You would have to deal with these sorts of things step by step. If you look at the past what has happened is you have got part of the problem resolved as a result of the 1978 Camp David Accord and the 1979 Peace Agreement which involved Egypt and Israel. The emphasis at this time is upon Jordan - how Jordan is going to be involved in the processes. Now quite clearly at some stage if you are going to have a total resolution of this matter there is going to have to be a situation in which Syria is also at the table. But I don't speak with confidence in that area at this stage. I have not had the opportunity of discussions in that area and I don't seek to complicate it as far as I am concerned by addressing myself to an aspect of the issue which as I say I don't have a particular confidence.

JOURNALIST: Mr Hawke did the Egyptians give you any indication that they thought the internal politics of Jordan were stable enough to cope with King Hussein doing a deal with Israel ...

PM: There was no indication to me of any doubt on their part on this point.

JOURNALIST: Did you glean anything from your discussions today to suggest that the PLO might ... resume some sort of discussions with Jordan.

PM: With Jordan? There was nothing in the discussion today which lead me to believe the Egyptians saw that as a great obstacle. Mr Arafat was at the Kuwait Conference and there was reference to the fact that the King and Mr Arafat spoke, so there was nothing said in the discussions today which put that as a problem, as an obstacle.

JOURNALIST: Can you give us any indication as to how the Iran-Iraq war is actually going?

PM: All I can say on that is that in the discussions that I have had today there is no discussion in detail about how the war was going other than it was put as a matter of very serious concern both in terms of the size of the casualties and seemingly endless nature of the conflict. And there was some perception on the part of Egypt as on the part of Jordan as to the dangers that would be involved in the hypothetical situation if Iran were to win that conflict. But no discussion as to actual progress of the war. It may be that in the discussions that I have tomorrow the Foreign Minister and the President that there may be some aggression of that issue.

JOURNALIST: ... were the Egyptians pleased with the outcome of the Kuwait conference and ...

PM: Yes, to the first part of the question that they were pleased with the conference. They said they regarded it as positive conference. And while they didn't directly comment upon the second point about building their position it was quite clear that they were pleased to be back in the conference part of the Summit. I made the observation that I believe that it was appropriate that they were back and they agreed with that. And that was the extent to the coverage of that point.

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