



PRIME MINISTER

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JOURNALIST: Last night Prime Minister Gandhi in his speech at the dinner called on Australia to play it's part with India in assuring a return to democracy in Fiji. What is your Government's thinking at this stage in regard to Fiji's re-entry to the Commonwealth and what more could or should Australia be doing in regard to Fiji.

PM: On the first part of the question, obviously we would share a view with India, and I think a lot of other members of the Commonwealth that we would like to see Fiji back in the Commonwealth, but that is not something that can be achieved, other than on conditions which are universally acceptable. At this point, I can't see that the present condition in Fiji would recommend itself to all members of the Commonwealth and certainly including India as suitable for re-entry. The draft constitution which has been circulated, still contains the entrenchment within it of an ensured majority within the proposed parliament for the indigenous Fijian population. I can't imagine that out of the processes of the consultation, the draft constitution as it stands would remain acceptable. If that were the case, it doesn't seem to me possible that any application from Fiji for readmission at the latter part of this year when the next Heads of Government meeting will be held would entertain universal support. Now, what can Australia do? I have explained there are limits to what Australia and other friends can do. We have made it quite clear that the present situation is not an acceptable one. We have taken action, we've cut off defence aid, we have resumed that aid which we can identify as going to people, not to institutions. We think that that is sensible, but we can't impose an acceptable outcome upon Fiji. The matter has to be worked out within Fiji.

JOURNALIST: Mr Hawke, have you persuaded Rajiv Gandhi to sign the NPT.

PM: I didn't believe that I would be able to persuade Mr Gandhi to sign the NPT. What I have done in what is already more than 2 hours of one on one discussions with Rajiv and myself, which will be extended further today, and then over a long private dinner tomorrow night, we have already had suitable discussions about the question of global disarmament and of the developments within this region. We have agreement between us that it would indeed be a tragedy and a

PM (cont: paradox if at a time when there is a lessening of global tension, when there is already significant achievement in the reduction of nuclear arsenals at the global level with the elimination of the INF class of weapon, significant progress towards the achievement of a 50 per cent reduction in the strategic weapons area, that in that context, if there were to be a further buildup of nuclear capacity and tension in this region. Now we agree on that. As you know, when I was in Pakistan we achieved agreement there that there would be regular consultations at the officials' level between Pakistan and Australia on disarmament matters. I indicated to my friend, Rajiv Gandhi, that we had that agreement with Pakistan and that we would like to have the same agreement with India. I am very pleased to say that Mr Gandhi responded fully and positively to that suggestion. So we will now establish a continuing ongoing discussion at our officials' level between our two countries on the overall question of disarmament, and obviously within that overall level of discussion, there will be some consideration of regional matters. Now I want to make it clear that that doesn't mean that Australia is acting as some go between in regard to Pakistan and India. But I do believe that there is an acceptance of Australia's legitimate interest, involvement, expertise, commitment, in the whole area of disarmament, and I believe it will be useful that we are able to talk with both India and Pakistan on these general issues. I think it is important to note, and it certainly came through to me in my discussions with the Prime Minister, that he shares the view expressed to me by the Prime Minister of Pakistan, that there is now a new basis for better relations between Pakistan and India. Prime Minister Gandhi reciprocates the warmth, feeling, the attitude expressed to me by Prime Minister Bhutto. They accept one another's commitment and integrity to the creation of a new, more productive friendly relationship. Now we must be realistic about this because this new opportunity comes after generations of hostility in which there have been three and it would be unrealistic to expect overnight a transformation of attitudes and positions formed through that long period of time. But I must say this, that out of my discussions with Mr Gandhi, I am very much reassured about his commitment, the commitment of India, to work for a more productive relationship, which goes not only to the issue of the nuclear question, which was the main point of this question, but also on the other issues of the frontier problem in the glacier area, and also on the question of terrorists in the Punjab. There have been discussions about these three issues. There is an intention to address these issues, and therefore our concern about the nonproliferation treaty and our differences of emphasis that we've had with India on that seem to me now to be able to be approached within this actual new consultative framework that I referred to, but more importantly as far as the region is concerned, we are I believe entering a time of greater optimism in relations between these two important neighbours of ours than at any time over the recent past. I'm sorry it is a rather long answer, but I've tried to comprehend a number of the matters which I know would be of interest to you.

JOURNALIST: Last night at your banquet speech when you promised ... recent developments in the Maldives you seem to have carefully avoided the Sri Lanka situation. Do we take it that you have your reservations about India's operation in their presence in Sri Lanka ... What do you think your Government's ... India's peace keeping operations in Sri Lanka?

PM: Nothing was avoided, carefully or otherwise. It was a reasonably long speech as it was and if one had gone to all the issues in which we have an interest and India has an interest, we might be leaving there now. The approval of my Government for India's role is known, it is publicly stated and I have had no reason, having publicly stated our support for India's role, our appreciation of what they've done there, and knowing that the government, the Prime Minister, and the people of India are aware of that public statement of my position and of the people of Australia, there is no reason to reinforce it. We share the hope of Prime Minister Gandhi, and I talked about this matter with him, and others here, we share the hope that the time will come in the not too distant future, when the government of Sri Lanka finds itself in a position of confidence to say to India we believe now the situation is such that we are able to handle it, control it, and we don't need the further presence of the Indian troops. Now that's a matter which on the evidence will be amicably and sensibly handled between the governments of Sri Lanka and India. And we are satisfied with the position.

JOURNALIST: Mr Gandhi in his speech last night, gave a very strong defensive ... naval buildup in the Indian Ocean. What is Australia's position on this question?

PM: The question was, "In this speech last night, Mr Gandhi gave a strong defence of the Indian naval buildup in this region. What is Australia's position in regard to this." I don't often interpret for Michelle. She usually interprets for me. I've had the opportunity already Michelle of having some discussions with Prime Minister Gandhi about this, and there will be further discussions between us on this issue. Let me say this, that in the private discussion the Prime Minister put to me the exposition in some more detail than he did in his speech, which indicated the concern that India has about the incursions that have taken place in what for them is a vast EEZ (Exclusive Economic Zone), and I don't go to the countries he named, but he named countries that have intruded into the EEZ, and in a way which India does not find acceptable, and they are committed to having a capacity to cover this concern. I must say that some of the issues that I discussed with the Prime Minister in this regard are the type that I'm not in a position to talk publicly about. But let me say this, in the light of the earlier comments that I made about the commitment that I know that the Prime Minister and the Government of India has to a reduction of tension in the region, and in particular with Pakistan, that as far as I am concerned I expressed to the Prime Minister my understanding of his explanation and I believe that there is reason for confidence about the future on this issue.

JOURNALIST: Mr Prime Minister, when India had its nuclear submarine built from Soviet Union ... there were problems concerning your country including a rather ... Minister of Defence in Perth. Has your position changed on India's naval ... or do you see it as threat to Australia, as far as you may be?

PM: I discussed this matter with the Prime Minister in some detail last night, there will be some further discussions on it. As I said, and I don't want to elaborate on this, there is some aspect of our discussions which it's not appropriate for me to go to, but on the basis of the discussions I've had, my answer to you is that I'm not concerned, and as far as the future is concerned on the issue that you talk about, I have reasons for optimism.

JOURNALIST: Mr Prime Minister, this compulsion for Australian and Dutch companies ... to build this \$2 billion naval base off Kabal. In your pre-visiting journalists you have said that you are going to take up this with the Indian Prime Minister, and that you are going to come up with an interesting offer which the Indians cannot possibly refuse. Would you like to tell us whether this has ... with the Indian Prime Minister and what kind of package are you coming up with?

PM: I don't know whether I used the language that I'm going to make them an offer that they can't refuse. That has overtones that I don't entirely embrace but I think I can be quite definite about it. The consortium offer of which Australia is a part, will I understand, be accepted. And this will mean that there will be the injection into this important enterprise of, and you must understand that this contract at this stage is a \$7 million contract. This is the consultancy, the major consultancy contract, but this will enable the injection into this important area of Australian expertise, and it will be indecitive to the government, the industry, and the people of India of the very considerable capacity that Australian industry has in a whole range of construction and infrastructure development which is going to be important in the future development of India. So it has an importance, both intrinsically for the project itself and is a pointer of the general capacity of Australian firms in this area.

JOURNALIST: Did you discuss with Mr Gandhi, the current operation of the trade sanctions against South Africa, and did you talk about the prospect of any further action at CHOGM later this year.

PM: No, we've only had the briefest mention about this subject. This is on the agenda for later today and tomorrow night.

JOURNALIST: Mr Prime Minister, there is an impression here among the Defence experts that build up in India is being used or being blown out of proportion by the Defence establishment to get more money from you. Is that correct? Why is it that in Australia there is no better understanding or appreciation of India's naval aspirations, since this country, unlike Australia has no links with any other country on defence.

PM: When you say, has no other links with any other country, it depends how you use the word "links" doesn't it. I mean, if you mean that it doesn't have a formal alliance relationship as we do with the United States that is correct. Hardly correct to say that in regard your naval buildup that you don't have links with another country. I mean the nuclear submarine didn't come from Mars. So it's a question of a definition of links isn't it. Now I don't think that on this issue there has been any manipulation attempts as far as I can see, to get more money or support in this way. I think you've just to understand that the buildup and aspects of the buildup of the Indian naval capacity have historical bases, and we are now living in a world which if you had to characterise in any one way, is the type of most rapid change, where the assumptions and attitudes of the past are being shown not to be necessarily valid to the present or the foreseeable future. So, in the judgements that I make about present positions, whether it be naval buildup of India or the intentions of other nations to create a capacity to project forces, I see those present positions as being a product of the past. I ask myself whether the changes that are taking place globally and regionally are likely to produce changes for the better in the future. And my answer to that question is yes. So I don't mean, speaking for my own country say well I will determine the view I have, for instance about India's present position and say that necessarily means what their position is going to be next year and the year after. They are where they are because of how they felt in the light of relations as they existed, they had to make decisions. Now I think that, as I say, there is a consciousness on the part of India as there is on the part of Pakistan. For instance, just to take the relations between those two countries, that there is now the possibility of a significant change for the better, and I hope that as that knowledge and assurance grows then that will be reflected in decisions that are taken, for instance, by both India and Pakistan. I mean, lets take the question of the relations between India and China. If you look at the present, you have a disposition of forces on the frontier, you have attitudes which reflect now a generation going back to the events of 1962 in particular. Now, as a result of the discussions that have taken place between your Prime Minister and the Chinese leadership and in respect of which Prime Minister Gandhi was good enough to give me the most detailed exposition, then it is clear that there is considerable ground for optimism now for believing that there will be a change for the better in the relationship. Prime Minister Gandhi told me in detail, of the discussions that took place between him and the Chinese leadership on the border issue. He told me of the processes, detailed processes that are

PM (cont): going to be followed through between China and India, to try to come to a resolution of that issue. Now, as those things are done, it will be therefore legitimate to hope and expect that there will be changes in the decisions that are taken in the defence field and the disposition of forces and so on. In other words, what we do have to understand is that both globally and regionally we are privileged to live in a time where there is greater cause for optimism than at any point, I believe, in the whole of the nuclear age and that will be reflected in this region as well as other ones.

JOURNALIST: You've obviously been briefed by now on the ACTU executive wages decision. Do you think this is an economically responsible one and one the Government ...?

PM: Yes, I think it is an economically responsible outcome. What's been done there is to come to a - and I'm not going to , as you'll appreciate, I'm not going to go into great detail on this issue. I will be back in Australia in a couple of days. Let me broadly make the point that as I confidently predicted, as you know I confidently predicted, I've said it all along, I had a belief in the good sense of the trade union movement, in the capacity of Bill Kelty and the leadership of the ACTU to deliver a sensible outcome. That confidence and trust and good faith that I had in them has been vindicated. I think a framework exists now and I'm very pleased to see that generally there has been a supportive reaction to it outside the trade union movement. What now needs to be done is for detailed discussions to take place between government and the trade unions and employers to see that we get a meshing of wages and tax and associated outcomes which will mean these things, that I've said before and I repeat. There will be a satisfaction of the legitimate desire to maintain and gradually improve standards on the part of Australian workers and their dependents. Within a framework of wage and tax movements which enable a maintenance of our competitive position and an achievement of a gradual lowering of the inflationary context. I think the decision of the ACTU is one which is going to enable those outcomes to be achieved.

JOURNALIST: How do you plan to assist India in sports?

PM: We don't plan to assist you on the cricket field we want to beat you there. No, seriously, what I have my relevant ministries doing at the moment in this area is to have a look at the concept of creating a sports foundation, an overseas sports foundation which will look at the ways in which we may be able to assist the development of sporting relations between Australia and countries in our region. This will not be something that involves a great deal of money but there will be ways I believe in which we can enhance sporting contacts between our countries, not necessarily only at the top competitive level. There may be ways also in which we can make some of the excellent facilities we have in Australia available to people from India and elsewhere. I expect to have some proposals on this issue available to me in the relatively near future and out of those proposals I am sure there will come specific ways in which we can enhance the sporting relationships between our two countries.

JOURNALIST: You are an avid golfer with an 18 handicap I'm told. How many holes will you play on Sunday and with whom will you play?

PM: That's the most difficult question I've had so far. I don't know how many holes. I always start off with the intention of playing 18 and I hope I'll get 18 in. With whom I'll be playing I'm not sure at this stage. The only thing I can say is I don't think it will be the Prime Minister. I don't think Rajiv is a golfer.

JOURNALIST: Bilateral trade between the two countries you acknowledged is of a very modest scale. Have you been able to identify any new scales in your discussions and also identify the areas in which you can step up the bilateral trade?

PM: You're right that at this stage it is relatively modest, the order of three quarters of a billion dollars and with a significant imbalance in our favour, Australia's favour. Yes, we have identified areas. Let me look first of all at specifically what we intend to do to enhance the opportunity for an increase of Indian exports to Australia. During this year we in Australia will be expending funds in two areas to assist specific Indian exports. There will be firstly a display of Indian engineering products which Australia will fund. That will be about the middle of this year and then later this year we will also be funding a visit by Indian manufacturers of automobile components. We believe in those two areas of engineering products and automobile components there is the opportunity for the expansion of trade.

PM (cont): We had out of ^{the} last meeting in 1986 set a target for Indian engineering products of at least one per cent of Australia's imports of goods in that area. If that was achieved that would mean a lift of itself up to about \$130 million worth of products in that area. So you can see that as far as we're concerned, it's not just words when we say we recognise the imbalance. We have addressed specific areas, sort of niche type areas where Indian products should be available because like Australia India is proud of the fact that it is no longer simply a producer and exporter of primary products. We are both of us becoming more sophisticated in the range of our production and our export capacities. So we are identifying areas where from the Indian side there will be more opportunities in Australia. From the point of view of Australian exports to India, yes we have very definitely identified areas. Without being exhaustive let me go to some of them. We will be completing the contract for Australian involvement in the Piparwar coal project. That will be done very shortly, I think before the end of this month. That will involve a significant amount of Australian concessional finance involvement and will represent a demonstration of what is the indisputable fact. That is that in the area of coal Australia is second to none in the world. When I say coal I don't simply mean the export of coking and steaming coal. Now of course we provide about 90% of your requirements. Overwhelmingly that's coking coal with only about less than half a million tons of steaming coal. But it's not only the export of coal as such, but we have an expertise and experience second to none in all aspects of coal, that is coal handling, transport facilities and in the building of coal-fired power generating stations. So that is an area in which we have the experience and in which I believe there will be significant developments between us. In the area of mining more generally, Australia is second to none I believe. We will see, I believe, further developments there. We have recently seen the conclusion of a contract in which our major company BHP is involved with your steel industry which is going to involve our planning in the environmental and pollution area for your steel industry. In the area of telecommunications we have a significant experience capacity there. Our telecommunications Australia International has an outstanding record. It has already in 22 different countries got 86 contracts ranging to rather small to very large ones, including recently a major contract in Saudi Arabia. We have both the technology at the top international level. We are as good or better than anyone else in the world. What's important for a country like India is that Telecom is itself the installer and user of the type of equipment and services which it's recommending for India. We have the similar geographic and climactic experience which makes the technical capacity and know how of Australia most relevant in those sorts of areas. In the area of agro based business every area of agriculture development which is going to be at the forefront of your next five year plan starting in 1990, in every area of agro business Australia is at the forefront of world experience and capacity.

PM (cont): Also I should mention railways. You know how important railways are in India. It's important that one of the Memoranda of Understandings that was being signed here during my visit is in the area of railways. So there will be co-operation between the Australian railway industry and your own which will be I suggest of importance not only for developments within India but I believe that combining your experience and ours we will be able to look at the possibility of joint ventures into third countries. I make the overall point in conclusion that when we're talking about trade India and Australia it not^{only} has that dimension, the bilateral dimension, but increasingly we are also talking about the opportunities for establishing joint ventures here in India as a base for exports into the eastern block countries and into this region.

JOURNALIST: ... the end of a long ... what do you count as big gains in the economic sphere and what do you count as areas of disappointment?

PM: The gains. Obviously the gains have been the opportunity now in four countries to establish very close and warm personal relationships at the top level. It's just impossible I believe to overestimate the significance of that close personal contact. I've been able to do that now in the Republic of Korea, in Thailand, in Pakistan with its new leader, and of course to renew what is well known as an extraordinary close warm friendly relationship I have with your Prime Minister. Out of the renewal and strengthening of those contacts that will come in each country, and certainly here in India, a renewed impetus to economic relations between our countries. Further in the economic field we have been able to share in each of those countries and certainly it's true here, our commitment to the cause of pursuing a freer international trading environment. I think I have succeeded, and I will be saying it again today in the Indira Gandhi Memorial Lecture, I think I have succeeded in each country I've been in establishing what I refer to as the paradox of our time. That paradox is one that we should be very conscious of. It is that at no point in post war history has there been more ground for optimism that the super powers have entered a period of sane, intelligent, forward-looking inter-relationships in the way they go about their affairs. There is now more cause for optimism that we can live in a world at peace. The paradox is that at the very time when they are displaying that sort of intelligence the major market based economic super powers are engaging in economic insanity, which if pursued will have the capacity to undo all the good work that's been done in the political field. Because if the world is allowed to degenerate into a series of protectionist trading blocs then, as I've said, history shows that that sort of economic AUTARKY is the precursor of political conflict. That is the great paradox and in a sense potential tragedy of our time. I believe that in this trip we have been able to have the opportunity in these countries of talking about this issue, understanding the reality of it, and agreeing that we should harness not only our

PM (cont): own capacities but use our best endeavours with like minded countries to make the economic super powers, which really we're talking then about Europe, North America and Japan, but particularly the United States and Europe, that we've got to make them see sense. The time is critically short. The Montreal mid-term review was in December, it was disastrously inadequate. The talks in a formal sense resume in April in Geneva. So we are now in a critical point of time where all the best efforts of our countries and those with whom we deal need to be focussed on making sure that that MT round is rescued. That I think has been one of the major benefits of the trip. I've said in terms of the bilateral relationships we've also been able to enhance those in each of the countries I visited. You asked what have been the minuses. I must say it's very difficult to find any and I say that not in credit to myself but I say it most particularly in tribute to the attitude of the countries I visited and of course, not least, the attitude I've received in this country from your Prime Minister through to your ministers, your bureaucrats. everyone with whom I and my party have had to deal. There's been an attitude of positive, constructive co-operation and friendship which ... well for the future.

JOURNALIST: You have just returned from Pakistan. The situation in Afghanistan is getting worse and worse every day despite the ... Soviet Union of the withdrawal of forces. Arms are being continuously given to the rebels of what is normally called Mujaheddin. What is your view, what talks you had with Ms Bhutto and what hope do you see for Afghanistan now?

PM: Let me briefly put it this way. Obviously I had talks with Ms Bhutto and her ministers about this issue. They are optimistic that there can be an outcome which will involve they say a form of government not, as they put it, including the elements of the existing regime in Kabul but people that they describe as good Muslims if I could put it that way, it's their description. They have a degree of optimism that out of the processes of discussions that are going on at this stage that there will be able to emerge a government that will be effective and that that can be achieved without significant bloodshed. I hope they're right but as you say on the evidence that exists at the present time there must be some considerable cause for concern. The real tragedy of course for not merely Afghanistan but the region would be if having seen the end of the conflict in terms of the presence of the Soviet troops and the conflict between Soviet troops and the regime which they backed and the Mujaheddin on the one hand. If you now have that replaced by another form of internecine conflict, as far as Australia is concerned, we don't exaggerate what we're able to do about that. Our commitment, which I'm proud to

PM (cont): reiterate, is that already we've given some \$45 million in Australian dollar terms, in humanitarian assistance we've committed ourselves to a further \$20 million to the United Nations humanitarian relief program. So as far as we're concerned we're going to do everything we can to address the issue of trying to develop the people who have been displaced and hopefully are going to be able to return to Afghanistan. There is now a very great obligation we believe upon the super powers, upon the signatories to the Geneva accords to make that work in a way which is going to minimise conflict. I think it would be totally unrealistic to expect that there's going to be an outcome totally devoid of conflict. The obligations upon all of us to try and reduce that to a minimum.

PM: You have a liberal immigration policy but you are implementing it ... you are not very liberal in that way.

PM: On what do you base that?

JOURNALIST: Taking immigrants from India, what is Australia's policy? ... you don't want the coloured ones ...?

PM: You've been listening to the wrong people. This is a very good question and I'm glad that it's one on which I can conclude. It's a very important question. It is the truth, it is the fact that Australia for a very long period had an immigration policy which was based upon racial discrimination. It was appropriately described as the White Australia Policy. It was in my judgement and fortunately increasingly in the judgement of Australians as we came to the latter part of the 1960s it was a morally unacceptable policy. And to the great credit of both sides of Australian politics in that period of the 1960s we put the White Australia Policy behind us. From that point immigration into Australia was not based on race, there was no discrimination in it. That's remained a feature, a bipartisan feature of Australian politics. Unfortunately last year there was some deviation from that view on the part of the conservative side of politics in our country but my Government has remained and will remain totally committed to a non-discriminatory policy. You can rest assured that as far as Australia is concerned the White Australia Policy is part of the history books. There will be no discrimination on the basis of race and no discrimination on any other basis. So we set an intake figure which is the order of \$150,000 for this annual period, and within that, as I say, no discrimination either against Indians or anyone else. That is the Australian position and will remain the Australian position.

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