

**PARLIAMENTARY STATEMENT BY THE PRIME MINISTER
ON HIS VISIT TO THE ROK, THAILAND, PAKISTAN AND INDIA
THURSDAY, 2 MARCH 1989**

Madam Speaker

I seek leave to report to the House on my recent visit, between 29 January and 13 February, to the Republic of Korea, Thailand, Pakistan and India.

Against the backdrop of the fundamental changes taking place in global relationships, it was fitting that this visit should take me to four countries that are not only important in their own right and important to Australia but that are also intimately involved in the three key points of tension in our region: the Korean Peninsula, Cambodia and Afghanistan.

Each of the four leaders I met - President Roh, Prime Minister Chatichai, Prime Minister Bhutto and Prime Minister Gandhi - is working actively for a lessening of regional tensions. All are leaders who have shown a preparedness to take risks in the search for peace.

Each of these leaders, too, in different ways, is discharging with skill and with vision the heavy responsibility of democratic government.

India is the world's largest democracy; Thailand has witnessed considerable consolidation of its democratic processes over the past decade; in the Republic of Korea, democratic processes are being actively developed; and Pakistan after years of military rule, has happily now returned to the democratic fold.

In these vital respects, these four leaders deserve, and I believe receive, the respect and support of all Australians.

In particular, I found that listening to Prime Minister Bhutto, her mother, her Ministers and other associates recounting their stories of personal hardship and sacrifice under the previous regime, was both an apt reminder of the abuses which inevitably occur under military rule and an inspiring lesson about the capacity of a determined people to win again the dignity and liberty of democratic government.

My visit thus provided a timely opportunity to advance Australia's interests on a wide range of important political issues - global, regional and bilateral.

Equally importantly, I saw this visit as an invaluable means of assisting Australia's commercial interests.

Let me briefly explain why I see this as a significant element of my overseas visits.

The Australian economy over the last six years has undergone the historic, essential and overdue process of reconstruction to equip it better for the economic challenges of the world, and, not least, of our own dynamic Asia-Pacific region.

It is through the greater enmeshment in the region of a diversified, productive, efficient, competitive Australia that the prosperity of individual Australians will be best protected and enhanced.

So when, in my talks with government and business leaders overseas, I have the opportunity of advancing specific commercial projects which genuinely advance this process of enmeshment, I do so. Indeed I consciously seek to identify such opportunities. The pursuit of Australia's international commercial interests is now a major foreign policy objective. For the same reason, I am pleased to have the active involvement in my talks of senior Australian businessmen - on this visit, in the ROK and India.

In each of the four countries I visited, I addressed high level business forums - the Korean Business Associations, the Australia/Thai Chamber of Commerce and the Thai/Australia Business Council, the Federation of Pakistan Chambers of Commerce and Industry, and the Indian-Australian Joint Business Council - and I presented the facts about the immense two-way commercial opportunities offered by our increasingly competitive Australian economy.

At the same time, I placed heavy emphasis in this visit, as I have in previous visits, on protecting and advancing Australia's multilateral trading interests.

In my address to the Korean Business Associations on 31 January, I proposed a Ministerial meeting of regional countries to explore further the possibility of creating a more formal intergovernmental vehicle of regional cooperation. I said that I saw merit in the model provided, in a different context, by the OECD.

I stressed, and do so again today, that my support for such an institution of regional cooperation must not be interpreted as suggesting, by code words, the creation of a Pacific Trading Bloc.

Indeed, one of the principal tasks of any such institution must be the strengthening of the GATT system.

I am pleased to inform honourable members that, to date, the reaction of regional governments has been most encouraging. President Roh endorsed the proposal while I was in Seoul. Prime Minister Chatichai undertook to discuss the proposal with his ASEAN colleagues, as will Australia separately. A senior Australian official will be visiting regional countries soon to discuss the matter in more detail.

It is my hope that a Ministerial level meeting will be held before the end of the year.

In my Bangkok business address on 3 February, I addressed the need for a fair and workable outcome to the Uruguay Round of multilateral trade negotiations - an important goal not only for the maintenance of our own and of global economic growth but also, ultimately, for the continued stability of international relations into the 1990s.

It was in Bangkok in 1983 that I launched my Government's Regional Trade Initiative. It was therefore fitting that I should choose Bangkok this time to make a major address on the multilateral trading system.

I said that GATT is not dead but, if the current deadlock is not broken, then we will have moved - not to the end of GATT - but quite possibly to the beginning of the end. Responsibility most heavily rests with the EC and the United States to make appropriate adjustments to the positions they so stubbornly stood by at Montreal.

In each of the four capitals visited, I also pursued the need for effective solutions to environmental problems which transcend national boundaries, such as the Greenhouse Effect and the depletion of the ozone layer. I was able to outline the technology and expertise which Australia possesses in limiting the release of chlorofluorocarbons into the atmosphere and the preparedness of Australia's Association of Fluoro-Carbon Consumers and Manufactures to assist in transferring technologies for recycling CFCs in commercial use.

Let me now report in turn on each of the countries I visited.

The Republic of Korea

My visit to the ROK took place some three months after President Roh's visit to Australia, thus consolidating a relationship that, in economic terms, is now among our most important. With two-way trade valued at almost \$3 billion annually, the ROK in 1987-88 was Australia's seventh largest trading partner.

I told President Roh that Australia welcomed his constructive, open and far-sighted approach to developing relations with the Democratic Peoples' Republic of Korea. I was able to advise President Roh of the movement in Australia's own relations with the DPRK, a development which he encouraged when he visited Australia late last year. I told the President, as we have told Pyongyang, that we are prepared to continue our dialogue with the DPRK, but that any improvement in relations will depend on an improved atmosphere in the ROK/DPRK relationship, the international behaviour of the DPRK and the level of our confidence regarding the scope for a constructive relationship.

On bilateral issues, President Roh and I agreed on the need to proceed with the Joint Cultural Commission, the first meeting of which should be held in Seoul by mid-year, and an Australia-ROK Forum, to be held in Australia in October/November. Both these initiatives will contribute valuably towards developing people-to-people contacts and thus broaden and strengthen the foundations of the relationship.

My visit provided an excellent opportunity to urge the ROK to reform further its system of special taxes and import regulations, which continues to restrict healthy and non-discriminatory trade. I welcomed the recommendations of the Presidential Commission on Economic Restructuring for accelerating the process of liberalisation and restructuring in the ROK. I invited members of the Commission to visit Australia, and I am pleased to say, it is likely that this invitation will be taken up.

My meeting with senior Economic Ministers, which was given added stature with the presence of a number of Australian business leaders, enabled me to discuss, at first hand, the important issues of market access for Australian beef, iron ore, coal, aluminium and other exports. I told Korean Ministers that, while Australia welcomed the recent indications of the progressive reopening of their beef market, we were not happy with the current level of access and had no option but to continue to pursue the issue through the GATT in order to protect our legitimate trade interests.

While in Seoul I inspected the magnificent facilities built for the Games of the XXIV Olympiad. The challenge is great but I am confident that Australia, through Melbourne, will be able to put together equally impressive facilities and make a very credible bid for the 1996 Games.

Thailand

In contrast to the Republic of Korea, Thailand is not one of Australia's largest trading partners. I strongly believe that it should be. It is a country which is experiencing a period of sustained growth, which could well see it join the ranks of the Newly Industrialised Economies (NIEs) over the next decade. Thailand's energy needs are increasing by over 14 per cent per annum and this, combined with the rapid expansion of its economy as a whole, offers Australia enormous opportunities.

My discussions with Prime Minister Chatichai therefore focused on establishing a new framework for the Australia/Thai economic relationship. We agreed on the desirability of an Economic Cooperation Agreement, a Concessional Finance Agreement and a Memorandum of Understanding on Energy Cooperation. I expect all three Agreements to be finalised over the next twelve months. It was also agreed that Double Taxation negotiations would be renewed, the successful conclusion of which would provide an important umbrella for Australian business to expand its involvement in Thailand.

As a result of my discussions I am confident that we will achieve our goal of a doubling of two-way trade over the next three years to \$1.3 billion. The target is ambitious, but, given the 80 per cent increase since 1985, it is certainly achievable.

Discussions with Thailand's senior Economic Ministers highlighted the enormous potential for trade and investment opportunities in that country and of Thailand's clear wish to see more Australian involvement in its economic future. Australian companies are well placed, for instance, to seek multi-million dollar contracts in relation to Thailand's plans for a hot- and cold-rolled steel mill, its Eastern Seaboard development encompassing a coal-fired power station and its proposed Data Processing Zone, which could offer a unique opportunity for Australian joint venturers to get in at the outset of high-tech development of the Thai economy.

Madam Speaker, as I said at the beginning of this report, Cambodia was a key topic of discussion in Bangkok. With developments in Sino-Soviet relations, Sino-Vietnam relations and Thai-Vietnam relations, the external environment for a settlement in Cambodia is better than at any time in the recent past.

While the outcome of the recent meeting in Jakarta highlights the difficulties which still need to be resolved, it is essential that all parties make continued determined efforts to advance the peace process. This is something to which I know Prime Minister Chatichai is deeply committed.

It is a measure of Australia's standing in the region and of the work of my Government since 1983 that Thailand wants Australia to participate in any International Conference that might develop from the current process.

I told Prime Minister Chatichai that Australia was prepared to play an active and constructive role in an International Conference, if that was the wish of the parties more directly involved in the resolution of the conflict. As I indicated in Bangkok, it is too early yet to be definite about an Australian role in any International Control Mechanism, as the detail of such a Mechanism is still unknown.

Honourable Members will know that Prime Minister Chatichai sought Australian involvement in the design and construction of a bridge across the Mekong River to link Thailand and Laos. Not only because of its benefits for economic development, but also because of its symbolic importance in the Indochina peace process, and because of its key role in Prime Minister Chatichai's ambition to change Indochina from a war zone into a peace and trading zone, I agreed to the undertaking, subject to the agreement of the Government of Laos and to a further feasibility study confirming the cost parameters. Laos has reacted positively to the suggestion and our feasibility study will commence over the coming months.

I am confident that the undertaking will contribute positively to an easing of tensions in the region and, at the same time, lift substantially Australia's profile in the region as a whole. The cost of the undertaking will be met from within the existing forward estimates of Australia's Development Assistance Program. In other words, no new allocation of monies is involved.

While in Thailand, I visited the Commonwealth War Graves Cemetery near the River Kwai, where so many brave Australian and Allied prisoners of war were forced to work, and in many cases to die, in the most appalling circumstances. That visit served as a reminder of the lasting debt succeeding generations owe to those who made the ultimate sacrifice in war.

My visit to the Crop Substitution Project outside Chiang Mai in Northern Thailand, which is sponsored by His Majesty the King of Thailand, was especially appropriate, given the vital cooperation between the Australian and Thai Governments in combating the drug trade. I told Prime Minister Chatichai, and I am sure this sentiment is shared by all Honourable Members, that Australia will continue to do everything it can to cooperate in the fight against those parasites in the drug trade who seek to gain from the misery of others.

Pakistan

Madam Speaker, my visit to Pakistan was the first by an Australian Prime Minister since 1975, when Gough Whitlam was received by Prime Minister Zulfikar Ali Bhutto, whose daughter, Benazir Bhutto, is now Pakistan's newly elected Prime Minister. Her courage, determination and leadership in restoring democratic rule to Pakistan are truly remarkable.

I arrived in Islamabad the day that Soviet Foreign Minister Shevardnadze departed. Afghanistan was therefore very much on the minds of the Pakistani leadership. I told Ms Bhutto that, in line with the Geneva Accord, Australia was concerned to see the establishment of a viable Coalition Government in Kabul encompassing the different political elements, as that appeared to be the best way of minimising the prospect of Afghanistan sliding into anarchy and bloodshed.

Pakistan's return to democratic rule has provided a firm basis for the re-establishment of a substantive relationship between our two countries. I announced a grant of 25,000 tonnes of wheat to help alleviate an expected food shortage and the establishment of a \$15 million three year Development Assistance Program. A team of Australian officials will be visiting Pakistan soon to discuss the details of this program.

As part of the mutual effort to add substance to the bilateral relationship, Prime Minister Bhutto and I agreed that we should negotiate a Trade Agreement and should encourage a group of senior Australian businessmen to visit Pakistan this year. Australia is already a significant exporter of coal, iron ore, wool and wheat to Pakistan, and there is scope for significant expansion in areas associated with Pakistan's infrastructure development such as power stations, port facilities, pipelines, telecommunications and the dairy and sugar industries.

India

Madam Speaker, my visit to India provided an opportunity to give a significant boost to what should be one of Australia's more important bilateral relationships. While having a very solid foundation, Australia's relationship with India has not yet fulfilled its very considerable potential. When he visited here in October 1986, my good friend Prime Minister Rajiv Gandhi and I pledged ourselves to enhance the relationship. Since then, there have been some significant advances, especially in the development of private sector contacts through the establishment of the Joint Business Council, whose third annual meeting I addressed in New Delhi.

With two-way trade at only a little over \$700 million, it is obvious that there is much spare capacity in the relationship and that there is a need for further efforts by both sides to turn the relationship into something more substantial. I am confident that my visit has gone a long way towards that end. During my discussions with Prime Minister Gandhi, we agreed to establish a Joint Ministerial Commission and to make a determined effort to increase the level of Ministerial visits between the two countries. Details of the Joint Ministerial Commission are being discussed between officials and it is my hope that the first meeting will be held later this year.

While in New Delhi, Prime Minister Gandhi and I witnessed the signing of four Memoranda of Understanding covering Telecommunications, Railways, Monsoon Meteorology, and Concessional Finance. These indicate the diversity of opportunities that exist in our relationship. In particular, the MOU on Concessional Finance will provide a firm basis for Australian firms to pursue with confidence large contract negotiations in India. Likewise, the decision to make a renewed commitment to the negotiation of a Double Taxation Agreement will give confidence to Australian business to seek further involvement in India's economic development.

Honourable Members will be aware of the negotiations which have been in train for some time in connection with the Piparwar Project, involving the development of a large scale open cut coal mine. I am very pleased to report that these negotiations are now in their final stages and are expected to be concluded very soon. This project, worth more than \$200 million, will provide a significant boost to Australia's profile in India and will demonstrate, in the best possible way, our capacity to compete internationally for large scale projects.

Prime Minister Gandhi welcomed my advice that Australia was embarking on a significant enhancement of its Development Cooperation Program in India - a \$35 million program over three years beginning in 1990/91. Details of the program are being followed-up in discussions between officials. Matching Indian needs and priorities with Australian expertise, this program will undoubtedly contribute significantly to an enhancement of the overall bilateral economic relationship.

As with the Mekong River Bridge and the assistance package I announced in Islamabad, this expenditure will be within existing forward estimates and will not involve expenditure outside budget.

On international developments, my discussions with Prime Minister Gandhi centred on broader global issues, the Commonwealth and South Africa. I was especially pleased to hear from Mr Gandhi the successful outcome of his recent visit to Beijing. As I commented during our discussions, a stable and improving relationship between China and India will contribute significantly to a lowering of tensions with the wider region.

In the context of Australia's global and regional disarmament interests, perhaps the most significant question I pursued during my visit was that relating to the threat of nuclear proliferation in South Asia. In my discussions with both Prime Minister Bhutto and Prime Minister Gandhi, I welcomed their recent meeting and signing of an agreement not to attack each other's nuclear facilities. I encouraged them to continue the search for further confidence building measures.

I took every opportunity, in both my private talks and in my public statements - including most significantly when I delivered the Third Indira Gandhi Memorial Lecture in New Delhi on 10 February - to stress the importance of the Nuclear Non-Proliferation Treaty. This is an issue on which we have a different approach from both India and Pakistan, and I saw no purpose to be served by down-playing or minimising that difference. On the contrary, Australia will always speak clearly and forcefully on this crucial issue.

The crux of my message was that it would be a great tragedy if, at the very time that the superpowers are negotiating a reduction in their arsenals, the spectre of nuclear proliferation should be raised menacingly in our own region.

While in New Delhi, I also discussed with Mr Gandhi the question of India's naval build-up. I told Mr Gandhi that the issue had aroused some interest in Australia and that, while the Australian Government did not see it as a threat, the Government nonetheless would continue to monitor developments and consult with India on them. I said that Australia had a legitimate interest in any increase in power projection capability in the region.

Mr Gandhi assured me that he was committed to a lowering of tensions with Pakistan - a sentiment mirrored in Islamabad by Prime Minister Bhutto - and that, consistent with this, it was his wish to reduce defence expenditure as a percentage of GNP. The development of a more constructive relationship between India and Pakistan would, undoubtedly, contribute significantly to a lowering of tensions in South Asia and the wider region.

As a result of my talks in New Delhi and Islamabad, there are to be regular bilateral disarmament talks at senior officials level. It is my hope that the first round of such talks will be held before the end of the year.

Madam Speaker, I also discussed in Islamabad and New Delhi the question of Pakistan's re-entry into the Commonwealth. Mr Gandhi confirmed that India would welcome Pakistan's return and agreed with my suggestion that every effort should be made to complete the process in time for Pakistan to participate fully at the CHOGM in Kuala Lumpur. Since my return to Canberra I have spoken by telephone to Commonwealth Secretary-General Ramphal, who is equally keen to see Pakistan's return. It is my sincere hope, and one which I am sure is shared by all Honourable Members that, come October, Prime Minister Bhutto will be able to take up once again Pakistan's seat at Commonwealth Heads of Government Meetings.

Madam Speaker, I would like to place on record my sincere thanks for the very warm and generous hospitality shown to me and my party in each of the four countries I visited. As is obvious from this report, my visit to the ROK, Thailand, Pakistan and India was undertaken to advance specific and concrete Australian interests. Measured against that yard-stick the visit was an undoubted success and one which demonstrated Australia's continuing high standing in the region.
