



## PRIME MINISTER

FOR MEDIA

15 OCTOBER 1989

Australia is to offer economic assistance to Poland and Hungary.

This year has seen dynamic changes in Eastern Europe with a Solidarity-led Government in Warsaw and important steps in Hungary to move towards a multi-party political system and a market economy.

My visit to Hungary earlier this year convinced me of the overwhelmingly popular support for reform. From my own discussions with President Gorbachev, I have formed a clear conviction that he is determined to bring about fundamental reforms in the Soviet Union. Indeed the word "perestroika" has become a rallying cry throughout Eastern Europe.

A successful outcome to these developments is to be earnestly hoped but cannot be taken for granted. It is incumbent on those who can to provide support at this unique moment of history.

Because of this, and because these developments will bring with them a lessening of East-West tension and a better climate for world peace and disarmament, 24 countries of the Western world have come together to co-ordinate Western assistance to Poland and Hungary in support of reform.

Australia will assume its responsibilities to participate in this process. We will join in the significant efforts of President Bush and other Western leaders. I am pleased to announce the following package of measures:

- Australia will provide Poland with a food package to the amount of A\$5 million. The food will be supplied from Australia. The provision of food to Poland at this time is an important practical and political gesture to help anchor the reform process and assist Poland's new Government.
- The Australian System of Tariff Preferences (ASTP) will be extended to Poland and Hungary. Dutiable imports from both countries will be admitted at ASTP rates which are five percentage points below the general tariff. Our extension of ASTP is consistent with approaches already adopted or in train in various other preference-giving countries. Extension of ASTP benefits to both countries will take effect as soon as the necessary legislative arrangements are completed.

- . Australia will conclude Double Taxation Agreements with Poland and Hungary. Negotiations with Hungary have begun and negotiations with the Polish Government are planned for the first half of 1990. Once in force, these treaties will encourage the flow of trade and investments with Poland and Hungary.
- . Australia will offer both Poland and Hungary the use of the International Trade Development Centres in Sydney and Melbourne as a means of assisting them with marketing their exports in the Australia market.
- . Australia will explore with Hungary the establishment of a trade credit facility, along similar lines to credit arrangements already provided to Poland by the Australian Trade Commission.
- . Australia will respond positively to the requests by Poland and Hungary to negotiate Investment Protection Agreements which will safeguard Australian investments in Poland and Hungary as well as extending reciprocal benefits to these two countries.

Australia already extends "Most Favoured Nation" treatment to Poland and Hungary and works closely with both countries in GATT. Hungary is a member of the Cairns Group of Fair Traders in agricultural products.

I know that all Australians will welcome the new opportunities for greater international understanding that developments in Eastern Europe are now presenting. The package of measures I have just announced represents an important part of Australia's efforts to allow these opportunities to succeed.