



PRIME MINISTER

TRANSCRIPT OF NEWS CONFERENCE, PAN PACIFIC HOTEL, KUALA LUMPUR, 19 OCTOBER 1989

E & O E - PROOF ONLY

JOURNALIST: Mr Hawke, the decision by the banks to refinance South Africa. How bad a blow is that to the Commonwealth's effort to get sanctions?

PM: Well it shouldn't be exaggerated. I think you should understand that there never was a real expectation that there wouldn't be a rescheduling but we had hoped that there would be a further period of consideration, it wouldn't be done so early. You've got to remember that it's still a fairly tight rescheduling, that there is a requirement for repayment of capital on this occasion and it will still represent a situation of very considerable constraint upon the South African Government, a position which is recognised by the South African Government itself. It will still be available to the international community, methods of seeking to impose further financial pressures upon the Government of South Africa and I've referred to those in my speech to the Commonwealth Heads of Government Meeting this morning. I just would make the point that probably I and Joe Clark will be meeting with the Press later on this afternoon and we'll have an opportunity of going to this in more detail and there is some advice we want to get on certain technical aspects of it.

JOURNALIST: Aren't you disappointed that the banks don't appear to be listening to international opinion on South Africa?

PM: On the contrary it can be said that they have listened to some extent, that the tightening of the requirements for the repayment of capital which are tighter than they were before correspond to suggestions that were made by the Commonwealth Foreign Ministers to the international banking community. So it's not a question of the things that have been said on behalf of the Commonwealth have been entirely neglected. But as I said at the beginning in my response, it's obviously the case that one would've liked to have seen a longer consideration of this matter by the international banks that were involved.

JOURNALIST: But the rescheduling doesn't put any pressure, any political pressure on for change, does it?

PM: Well one argument that's been put is that now there's been the accommodation to the extent that there has in this arrangement that the President, de Klerk, will take this as an endorsement for change. Now we however, within the Commonwealth will not be seeking in any sense to relax pressures. On the contrary we've taken the view that the change that is now starting to be talked about within South Africa is a direct result of the pressures that have been applied and we will continue to do that on the basis that if we do then see within South Africa significant changes being made then there is an obligation upon us in the Commonwealth and the international community to respond then by lessening pressures. The point I made in the speech I just made to the Heads of Government was this; that the South African Government is seeking to get normality in its international financial and economic and trading relationships but the essence of the message that we must put to them, you will get the possibility of normality in your international trading relations when you remove the ugly abnormality of apartheid within your country.

JOURNALIST: Prime Minister, are you disappointed that New Zealand has confirmed that it didn't support Malcolm Fraser's candidacy yesterday?

PM: Yes, I'm disappointed in that. No qualification to make on that answer.

JOURNALIST: Did you expect the rescheduling deal to be wrapped up as quickly as it has been, and what are the additional financial pressures you think could be brought to bear on South Africa?

PM: As I said, we are a little bit disappointed that it was done when it was. The timing of course I think is not entirely accidental but we think that the pressures that can be brought to bear and should be is that the banks should impose tougher conditions on day to day trading, financing and certainly shouldn't be any greater period of credit terms than 90 days for instance. Secondly, as I've suggested in there today that we should call upon governments to make trade credits harder to get by taking South Africa off cover with government agencies for insurance support for trade credit. Now those sorts of things we think ought to be done. I'm in the position now that I've made these suggestions in the meeting. I led with Kenneth Kuanda on this matter

(PM cont) but there's further discussions to take place. The actual decision of the meeting is still to come. But I would think that the sort of things that I've suggested will be reflected in the decision of the meeting.

JOURNALIST: ... Dr Boesak's proposal for a Commonwealth monitoring body to put pressure on the banks?

PM: Part of the five steps that I proposed in there involve the establishment of a specialist monitoring agency.

JOURNALIST: Was the Commonwealth completely in the dark about the banks reaching this agreement so early or did they have any indications as to who -

PM: We had no indication that the decision would be made at this time and as I say, I don't think it's entirely coincidental that the announcement was made for the commencement of the meeting.

JOURNALIST: How many people do you believe switched their vote, who'd given pledges on Mr Fraser?

PM: I don't know. It only required a change of a very few people to have reversed the decision and I can't be quite sure of how many did that. But let me say this; I mean as far as I'm concerned it's over. As you know I worked very hard to get the opposite result so the decision's been made. The new Secretary-General or the Secretary-General-elect of the Commonwealth is the Chief. Now that's the important thing and he's going to have my full, unqualified support. Now that's the important thing.

JOURNALIST: Are you going to spell out those five points this afternoon or can you spell them out now?

PM: I have done that today. The first thing is the endorsement of the Harare Declaration. Secondly, the continuation of existing trade sanctions. Third, the intensification of financial measures. Fourth, the establishment of a monitoring agency in the financial area. And fifth, the appointment or the re-continuation, if I can put it that way, of the monitoring mechanism generally which is provided by the Foreign Ministers.

JOURNALIST: Do you expect to get any resistance to that, particularly from Mrs Thatcher?

PM: I would hope that Mrs Thatcher would see substance in the basic approaches I've put. It would be surprising if in the area of sanctions she was at one with the rest on that. But we'll see.

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