



PRIME MINISTER

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TRANSCRIPT OF A JOINT NEWS CONFERENCE BY THE PRIME MINISTER OF AUSTRALIA AND
THE CANADIAN EXTERNAL AFFAIRS MINISTER, MR JOE CLARK, PWTC KUALA LUMPUR,
19 OCTOBER 1989

PM: At the outset, let me pay tribute to the work of the Committee of Foreign Ministers on Southern Africa chaired by Joe Clark of Canada established at the last meeting of Commonwealth Heads of Government in Vancouver and the input that they have made during that period has been very significant for us in coming to the consideration of this matter at this meeting of the Commonwealth Heads of Government.

The meeting has today considered the issue of South Africa and what we've attempted to do is to consider that matter in the light of what we see as the relevant developments since we last met. If I can put those briefly, those developments are firstly, and most importantly, that the fundamentals of apartheid in South Africa remain firmly in place. Institutional discrimination, personified most particularly by the Group Areas Act, the extremes of economic injustice and the state of emergency now in its fourth year; and against that we observed that it would be churlish not to observe that there have been some recent changes - the reference by President De Klerk about talk of reform, whereas up until the recent election there had been horrifying and brutal repression of peaceful demonstrations. In very recent times some mass demonstrations have been allowed to pass without incident and of course the recent release of Walter Sisulu and seven other black leaders and most recently there has been reference by the Constitutional Development and Planning Minister of talks about talks, as he puts it, with ANC leaders. It's in that context that we approached this matter and it was in that context that in leading the discussion with my good friend Kenneth Kaunda, I developed the five point proposal for what I believe should be the next steps to be taken by the Commonwealth. I'd like briefly to go to those then ask Joe to speak and then we can go to the questions.

The five steps that I suggested should be taken by the Commonwealth are these - firstly, there should be a strong expression of support for the principles and approach in negotiating framework as outlined in the Harare Declaration.

Secondly, there should be a maintenance, without relaxation, of existing sanctions.

Thirdly, there should be a development of new forms of financial pressure on South Africa, that is by seeking to intensify and extend the financial sanctions in particular in two ways: by calling on all relevant banks and financial institutions to impose tougher conditions on day-to-day trade financing, in particular, through reducing the maximum credit terms to 90 days; and also secondly, to call on relevant Governments to make trade

credits harder to get by taking South Africa off cover with official Government agencies for official trade government credit and insurance purposes and that these positions should be embodied in a letter which should be signed by the Chairman of the meeting and conveyed to all relevant banks and financial institutions and governments and delivered as soon as possible. If you like, within that third step, you could see that as the hard side of it. If you could look at the other part as being the soft side there is some indication that the IMF may be prepared to contemplate the development of a major financial package which would be of relevance to the development of a new South Africa and that we could seek a discussion on the possibility of the development of such an IMF package which would be contingent upon the implementation of fundamental structural political reform calculated to lead to the ending of apartheid.

The fourth step was to establish within a major research institution a unit of specialist staff which should monitor and review and report upon South Africa's links with the international financial community and report on the impact of financial sanctions

And fifthly, that we should re-establish Joe Clark's committee, the Committee of Foreign Ministers under his very able and effective chairmanship and to re-establish that as an ongoing review mechanism to monitor developments and to report with appropriate recommendations to the Commonwealth Heads of Government.

Now essentially, I have seen that as the next series of steps that the current situation demands of the Commonwealth. We believe it's a balanced approach which recognises the continuing fundamental and objectionable realities of apartheid in South Africa. It attempts to do what I've consistently said at successive CHOGMS and which has been the position of the Commonwealth. I repeated to the meeting today that we have never seen any purpose in sanctions as such, that sanctions as I put it have been calculated not to bring South Africa to its knees, but to the negotiating table. We have the position as you know that we don't have to engage in our own intellectual processes and sequential reasoning to come to the conclusion that sanctions have been effective. We can rely on the words that came out of the mouths of the Finance Minister in South Africa and the late Governor of the Reserve Bank, where they've said two things: That the sanctions have been cripplingly effective, and that South Africa can only expect to escape from that situation by appropriate political reform and so we are saying we welcome the indications of change but they haven't yet altered the fundamentals. We hope that there will be a move now to the negotiating table. There are things that the government can do there immediately without waiting for parliament to assemble. Those things obviously include release of all political prisoners, the unbanning of organisations, a commitment to no further executions for political offences. Those things can be done and then we believe we can move into the second phase which is the legislative phase. The third phase then of course is substantial negotiation leading to the new South Africa.

Ladies and gentlemen, as briefly as I think is appropriate and responsible, I've attempted to give you the background of our thinking and the steps, which I may say, have been supported by every speaker in the discussions, bar one - Joe.

CLARK: Thanks Prime Minister, I presented this morning, really early this afternoon, the report of the Commonwealth Committee of Foreign Ministers on Southern Africa. That has been made public both I think, in the various communiques issued in our meetings since we were established at CHOGM and also the remarks that I made in presenting it were made public. That committee as you may recall was intended to end at this CHOGM. As a result of the suggestion of the Prime Minister of Australia there was a request that we continue our work. That has been agreed and we will be continuing our work at least until the next CHOGM. In summary I think it is fair to say that the Heads of Government this morning noted the promise of reform from South African leaders, want that promise kept and intend to maintain the kind of pressure that has been proven to be effective in causing that promise to be made. A major part of the work of the committee that I chair will be to determine means by which we can maintain that kind of pressure and come to some assessment of the degree to which the Government of South Africa is acting on its promises to begin fundamental reform in the apartheid system. This committee began at Vancouver with the responsibility to try to do some drafting of a statement that could commend itself to Heads of Government. We have been asked to do that again. At Vancouver, in the confines of the CHOGM itself, the United Kingdom was a member of the committee that drafted a communique to be considered by Heads of Government and the United Kingdom has agreed again that John Major, their Foreign Secretary, will be a member of the committee for the purposes of drafting recommendations that can be considered at the CHOGM.

I would be naturally pleased to deal with questions that you might have respecting the work of the committee. Let me just say one thing that perhaps bends one of the rules of the CHOGM meeting. One is not supposed to make reference to the comments that are made by others, but I think it worth underlining a comment that was made by President Kaunda this morning, when he made the point, and I think I am quoting him precisely, that to have Bob Hawke and Brian Mulroney standing with black leaders of the Commonwealth on the question of apartheid has, in Kenneth Kaunda's words, meant everything. It has demonstrated, he said, to Afrikaaners that there need not be racism, that there should not be racism. I thought that that was appropriate to communicate to people interested in this issue outside the Heads of Government Meeting because one of the characteristics of the Commonwealth is that people from different continents and different conditions have been drawn together to fight this evil system and together we have been able to make some considerable progress.

CLARK: (In French - our translation) - If there are any questions in French the Australian Prime Minister will respond in French.

PM: Merci, Monsieur

JOURNALIST: Mr Hawke, where will this proposal go, when will it be discussed and what do you expect to happen?

PM: Well, the formal discussion within the Commonwealth Heads of Government Meeting has now concluded. The Committee of Foreign Ministers that Joe has just referred to will consider this issue and they will prepare drafts for consideration, which process will commence at the retreat I imagine, and then there will be an attempt to get a consensus: whether that is possible or not,

an absolute consensus, we don't know yet. We will certainly try and do it and then out of the retreat where those things will be considered, we'll have a final communique which will entail the decision of the Commonwealth Heads of Government. So that is the process ahead of us now, but may I say that on the discussion that has taken place after Kenneth Kaunda and I introduced this subject, there were contributions from seven Heads of Government in support of the five proposals; there was one who wasn't in support and as far as we can see, there is virtually total support for the proposal.

JOURNALIST: Can I ask what is the status of your five proposals because the British side are saying that they are not aware that they have any and, can I also ask, why as I understand it you did not mention them at the hour long session with Mrs Thatcher this morning?

PM: Oh, I see, well perhaps the amplification isn't too good because I have already answered that question here, but for your benefit, I'll answer it again. I have said that the status is that we have had the discussion now at the Heads of Government Meeting today and what is now their status is that they will constitute the major basis of consideration by the Committee of Foreign Ministers which includes the Foreign Ministers of Britain and Malaysia in addition to the other Foreign Ministers on the Committee and those countries as I recall, correct me if I'm wrong Joe, are Canada, Guyana, Australia, India, Nigeria, Tanzania, Zambia and Zimbabwe.

CLARK: Bingo.

PM: Bingo, so we'll have in addition to those, now Malaysia and Britain. They will consider these proposals coming out of the discussion today and as everyone else at least heard me say, if you didn't, then that will be put in the form of a draft that will be considered by the Heads of Government initially, I believe, at the retreat and perhaps finally when we get back here and then you will get to the decision by the Commonwealth. Now, you asked me why I didn't put the specific proposals in my meeting with Mrs Thatcher this morning. I did discuss the question of South Africa generally with her and indicated what was no surprise to her that we wouldn't be ad idem on this issue and we each, if not joyfully, as a matter of fact accepted that to be the position and went on to discuss other matters.

JOURNALIST: (inaudible - in French)

CLARK (In French - our translation): The Australian Prime Minister today proposed certain steps which will be considered by the Committee of Ministers during the following days in order to maintain the pressure of the Commonwealth with regard to South Africa, in particular in the economic domain. As far as the loans are concerned, and the decision which was announced today by the Bank of South Africa, I have several things to say: firstly it is natural that we are disappointed that such an accord was reached, we are disappointed that it wasn't possible for us to retard the decision but on the other hand, it is important to note that there is a heavy burden which must be assumed by the Government of South Africa in the terms of the accord with the banks, a burden which exists because apartheid exists. It is another cost of apartheid. The second thing is that I believe that the reaction of South Africa with regard to the loans demonstrates two things, firstly the importance of the Commonwealth - as Prime Minister Mulroney said

yesterday, there was a period recently when the South African Government ignored, or tried to ignore the Commonwealth, which is no longer possible now; they have planned their declaration to coincide with the current Heads of Government Meeting and the second thing is that I believe that the decision indicates the sense of vulnerability of the South African Government concerning economic pressure.

JOURNALIST: Do you want the Commonwealth to set a deadline for reforms in South Africa, and secondly if you do, what action will you take if the reforms are not implemented within that time scale?

PM: I think it wouldn't be a fair description of either what I've said or what I sense to be the reception of my position by the Commonwealth that we have sought to set a precise deadline; but what I have suggested, which goes to questions of timetable is that in recommending the re-establishment of the Committee of Foreign Ministers I suggested that it would probably be appropriate that they should meet next in approximately March or April of next year. I said that because it seemed to me that by then, which would be some six months after the election of the De Klerk Government, that that would be time to see whether there was an intention to do those things which were capable of being done by executive decision.

Let me repeat the major examples of those things that can be done by executive decision. You can have by executive decision, and without the parliament meeting, the release of political prisoners. You can have by executive decision, the unbanning of organisations, representative organisations, and you can have by executive decision, without the meeting of parliament, a commitment to an end to executions for political (in inverted commas) crimes.

Now it seemed to me and, as I sense it, my colleagues around the Heads of Government table agreed with this - that that sort of timing of meeting of the Committee of Foreign Ministers made sense and that within that time those sorts of things could be done. I said the second phase because I referred to three phases that we would be looking at. That is the executive decisions; secondly the beginning of the legislative program of dismantling the fundamental pillars of apartheid. Also one would think that by something like April of next year one would have been able to ascertain some indication of legislative intention to act in those regards. Now because it seemed to us not appropriate to be absolutely specific about exactly how much reaction we want in that time because we want to be as reasonable in these things as we can. If we put it in those terms to indicate the sorts of areas in which we believe we could see executive action to give a broad indication of time when we thought the ministers would be meeting, that in that sense it is appropriate both in terms of the pressures that are being applied externally and within South Africa and in terms of response by the regime in South Africa. So we are hopeful that in that sort of time period enough would be done for the Committee of Foreign Ministers to be able to report to the heads of Government that there are positive responses. I concluded my remarks to my colleagues by saying that I wanted to have a positive sort of note and said that if indeed there are positive responses judged to be sufficient in their dimension, then we should be thinking in those circumstances about the relaxation of pressures, but that it was now premature to signify actual trigger points; and that was therefore why I had as part of my proposal, which as I say, seemed to recommend themselves to my colleagues that we would ask

the Committee of Foreign Ministers to accept that responsibility of assessing reaction.

JOURNALIST: (inaudible)

PM: Well I've learned in a fairly long period in political life not to get too carried away with hypotheses because I've never found prancing down hypothetical paths terribly rewarding. In that sense I would rather say this, that in fairness to the elements within the regime in South Africa who have given some indications of change, as I said, I would rather say it is my hope that they would see the essentially constructive approach that the Commonwealth is talking about and that within that framework there will be positive responses and so I don't go to the hypothetical situation that they won't be.

JOURNALIST: Mr Clark, you have been reported as saying that the rescheduling deal for South Africa (was) a pretty tough one. Is that true? Is this the sort of toughness you want the Commonwealth to impose on South Africa?

CLARK: Well, two or three things about the rescheduling deal. First of all, we regret that there has been a multiple-year rescheduling. We had been targeting for single year rescheduling and we regret that it happened this early. We had hoped that we would be able to push that back. Those things didn't happen. But there are two very important elements of this deal. One is that there is an obligation on the part of South Africa to pay back a billion and a half dollars in three and a half years. That is a very heavy burden. It's a burden that would not be there if the apartheid regime were not in place. It's another cost of apartheid. The other thing that we find very interesting is that it's obvious that this announcement was timed to coincide with the opening of the Commonwealth Heads of Government Meeting. Our conversations after the announcement with some of the banks involved, indicate that the discussions occurred a couple of weeks ago. The banks were advised I am told yesterday morning that the announcement would be made yesterday night. That indicates two things. One, that the Commonwealth clearly has a continuing and important influence upon the decisions that the South African Government takes, and the second is that the South African Government is very sensitive to its vulnerability on the question of financial links. That is one of the reasons that Canada welcomed the additional proposals that were made by Prime Minister Hawke this morning and why we think it will be helpful for consideration to be given to putting in place an informal monitoring agency that can keep track in an objective way of South Africa's financial relations.

JOURNALIST: Prime Minister, given that the banks have agreed to the much quicker rescheduling than you hoped and more favourable terms is it likely that they will agree to the kind of trade financial restrictions that you are now proposing.

PM: Well, by definition, I can't give a definitive answer to that. I can't answer for the banks, but let me in terms of providing the proper context, for consideration of your question, make some additional points about the decision that has been unilaterally announced by the regime in South Africa. Certain of the facts, I think, need to be properly understood. The Reserve Bank of South Africa statement affects just 20.5% of the debt inside the net as it's

called, the standstill net. In other words, there is still 80% of \$US6.5 billion remaining within the standstill net on which pressure could still be applied and from our indications from our embassy in Pretoria we're told it was fairly widely expected in international circles that the amount rescheduled could have been greater. It's worth noting this, that within the first six months of next year, 1990, there will be \$2 billion outside the standstill net which will be due for payment prior to the end of June 1990. That's not affected by today's announcement, and there is no suggestion at all even by the authorities in South Africa that the situation is other than that severe costs are still being imposed upon South Africa by the international financial community. In other words it can't in any realistic sense be seen as any easing up of the pressure on South Africa. It demands repayment of as much principle, of overdue principle as was demanded in the second rescheduling, and at the same effective rate. It's important to understand that it still leaves South Africa isolated from any new loans and are forced in those circumstances to run a current account surplus to repay their commitments under the agreement. Now as Joe has frankly said, we wish the decision hadn't been made so soon and that instead of the multi-year situation, it could have been an annual pressure on South Africa; but one should also note, I might say, if you're going to get some understanding of the context of this that there's a hump in bond repayments occurring; that's for bonds that were raised before 1985, there is a hump in the repayment of those bonds which are now starting to move to maturity and as I am informed, there will be nearly \$2 billion of that occurring in the next two years and that compares with an amount of \$400 million in the last 12 months. So I suggest that if we're going to take your question about what other possibilities there are in terms of what I put to the Commonwealth Heads of Government Meeting, we shouldn't be understanding the position that now exists as one of other than very severe stringency for South Africa. Now I believe that in that context there is some possibility that there will be positive responses to our suggestions for further financial pressure. It's not as though the international financial community has said in the situation with which they're confronted - Oh we're so satisfied with these small moves that have been made by the new government in South Africa that we're just going to remove the constraints - they haven't done that and so I hope that there will, in that context, be the sort of positive response to these initiatives that we're asking them to take.

JOURNALIST: Prime Minister, To what extent do you believe that a clear signal from Britain that it didn't support the financial sanctions was a signal to the banks to come some of the way to relieving the burden on South Africa.

PM: Well I simply can't make a judgement about that. I guess the only intelligent thing that one can say in those circumstances is that if the positions of Government were going to have any impact at all, then a relatively benign attitude by the Government of the United Kingdom must have been advantageous to South Africa rather than not. That's the sort of intelligent assessment one could make, but I can't assert it as a fact.

JOURNALIST: Can I ask a question on Hong Kong affairs? Mrs Thatcher has already said that the Beijing has already destroyed the confidence of Hong Kong people. What do you think the Commonwealth and all the Commonwealth countries and your two countries can do to give help to the Hong Kong people?

PM: Well I would think that there may be some more discussion about that particular issue in the retreat. When the Heads of Government yesterday discussed the world political situation there was reference to developments in China and Hong Kong. I would think that there would be some more discussion about that at the retreat and there will be some reference to it in the communique. As to what my Government can do and Joe, of course, can speak for his, I think the sorts of things that we have got to try to do is to give confidence to the people of Hong Kong that we understand the apprehension that they feel in the light of the developments since 4 June. That is a perfectly understandable apprehension. They were prior to 4 June faced with a position where they thought that understandings had been reached. Not merely formal understandings out of the negotiations between the Governments of the United Kingdom and the Peoples Republic of China but more importantly in a sense the actual formal arrangements that had been made, a sense of confidence that their interests were well understood and were going to be properly protected. One can understand the apprehension that has arisen since then. So these are the things that we ought to be doing. One, to make it quite clear to the Government of the Peoples' Republic of China that what happened on, leading up to, and subsequent to 4 June is not acceptable and will continue to be repudiated. Secondly, and this is a task of delicate government if you like. At the same as those things are made clear, also it doesn't make sense in the interests of the people of China or of the people of Hong Kong to say that we are going to cut off contact with China. We need to maintain contact particularly in ways which will enable contact into the people of China so that some confidence can be given to them that there is an alternative way further in the future than the repressive actions that have been taken in June and which have been continued since. So that is as far as China is concerned. If we can get an understanding in China of the unacceptability of the sort of action that occurred then and that the capacity of China to reap the benefit of economic cooperation with the rest of the world is not unrelated to the way in which they behave in regard to the people of China and of Hong Kong then that is important to the people of Hong Kong if that position can be established. Now as far as Hong Kong itself is concerned both Canada and ourselves have significant immigration programs, and speaking for myself, I can say to you that in the last year we took from Hong Kong just under 10 000, I think it was 9760 people from Hong Kong and just over a third of those, something over 3000, came into the business migration program category. So we have in our case, as I think Canada, does of being open to immigration from Hong Kong and I would say that we will continue to have an immigration program in which there will be a place for people from Hong Kong and if a situation occurred which I hope will not, where there was some disastrous development in terms of the relationship between China and Hong Kong, then on our past record I guess it could be expected that we would take account of those circumstances.

CLARK: Our position is roughly the same as that of Australia. Our emphasis with respect to Hong Kong, as I had a chance to review it with some journalists a couple of nights ago is precisely on trying to build up the sense of confidence of the people that the conditions anticipated in Hong Kong when the agreement was signed and the conditions prevailing prior to the events in Tiananmen Square would continue.

JOURNALIST: To return to loans, as we understand it, South Africa has now repaid -

CLARK: What newspaper are you with Abdul?

JOURNALIST: Anti-Apartheid News, London. As we understand it, with the rescheduling of the loans, South Africa is not in default and therefore with a release possibly of another political prisoner it can go on the open market for new loans. I wonder if Prime Minister, with your five points if you could add the appeal to the international financial markets not to grant any new loans to South Africa because that would obviously be one way to repay all the other debts to these nations.

PM: Well that's clearly our position, that we are advocating no new loans, it has been consistently the position.

JOURNALIST: But the British Government doesn't support it, so if you could add it, that would be a test as to whether they would make this appeal to the international monetary market.

PM: A test for whom?

JOURNALIST: A test for the United Kingdom which is a member of the Commonwealth as well.

PM: Well, I mean I'm not here to speak for the United Kingdom. That is something that I don't wish to do and I'm certain that as far as Mrs Thatcher is concerned nor does she wish me to. All I can say is that it is the intention of myself and all others who have spoken to have a position in which, by communication to all relevant banks and financial institutions and government agencies it will be made explicit what our position is - which includes no new loans. Now that will be made clear by letter and I have expressed the hope that the Chairman of the meeting will be able to express that view on behalf of all governments. Now I've had cause to say before that I tend to have a bet occasionally, I wouldn't like to bet strongly on the outcome of him being able to speak for every single member.

JOURNALIST: Mr Hawke, in September the Committee of Experts from your country, Canada and India reported that they had met 12 or 14 banks and the banks, to quote Mr Clark, agreed that they would be seeking the highest possible interest payments and the fastest possible repayment of capital. In the light of the banks' failure to do that with the 20%, did the heads of government talk about how to induce or otherwise encourage the banks to come closer to the promises they're making?

PM: Well there'll obviously be some further discussion on this issue at the retreat but in the proposal I've put, the outline there of course is that we should actually now communicate directly with every one of the relevant banks and financial agencies. Now whether in fact that actual letter may be followed up in other ways by personal representations being made by a person or persons on behalf of the Commonwealth is a matter which has yet to be discussed and decided.

JOURNALIST: That sounds like sending a letter Mr Hawke - could you be more serious?

PM: Well would you like us to send in the Navy, the Army or the Air Force? Now, let's be realistic. What we have done is something which has produced very significant results and so in case you have any doubts about that, as though we're just passing pious resolutions without any results, let me just do some quotes to you which are additional to the very effective quotes that were made here by my friend Brian Mulroney yesterday. These were a couple of quotes that I made to my colleagues today. I read first of all from the Ovenden/Tony Cole book, page 182: As recently as the 23rd of May this year the South African Minister for Finance admitted to an audience composed of representatives of the South African Federation of Industry that South Africa had been operating abroad on a cash basis for 16 consecutive quarters and that he wondered whether any business enterprise could have existed in a similar way. He also revealed that South Africa had been close to closing its foreign exchanges in December 1988 and it might have to take this course of action in June 1989. He concluded by appealing to business to hang on "until we get our politics right".

Further quotes from the late Governor of the Reserve Bank Gerhard de Koek on the 9th May in which he acknowledged in a public speech that international pressures, particularly financial pressures, had crippled South Africa's ability to deliver sustained economic growth. A trend, he said, which could not be reversed, this had crippled their economic growth, which could not be reversed without "adequate progress in the field of political and constitutional reform". So the rather slick, if I may put it to without offence to you I hope, the slick assumption that all that is involved is writing letters in what we're doing in the area of pressure is simply not brought out by the facts. These are not my statements. They are not Joe Clark's statements. These are the statements of the South African Minister of Finance and of the late Governor of the Reserve Bank. That is, that the financial pressures, not just the writing of letters, but the financial pressures, have brought about two things - the crippling effect upon the South African economy and more importantly, secondly, that in those circumstances that they understood the only way they were going to escape from those pressures was by political reform. So the easy way of saying you're going to do more than writing letters is simply not brought out by the facts. What has happened has brought about those results and there is no reason to believe that if the rest of the Commonwealth continues to show the determination and imagination that it has to this point, that we can't continue and increase those results.

ENDS