



PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
PARLIAMENTARY DINNER FOR
NEW ZEALAND PRIME MINISTER,
MR GEOFFREY PALMER
CANBERRA - 2 JULY 1990**

Prime Minister Geoffrey Palmer and Mrs Margaret Palmer,
Excellencies,
Parliamentary Colleagues
Ladies and Gentlemen

Historians of the future seeking to understand and describe the dynamism and the enduring nature of the relationship between Australia and New Zealand will undoubtedly look back on the year 1990 with justifiable interest.

Their conclusion, will, I am sure, confirm our contemporary judgement that this year indeed marks a watershed in the growth of our two countries.

We have already this year marked the 150th anniversary of the Treaty of Waitangi - and I recall with pleasure my visit to Auckland earlier this year to convey to New Zealanders the good wishes of all Australans in those celebrations.

Since then we have shared in the heart-wrenching emotions of Anzac Day - a powerful reminder and reaffirmation of the sturdy comradeship between Australians and New Zealanders forged by the ANZACs at Gallipoli 75 years ago.

But as significant as those occasions were, they were essentially commemorations of past deeds.

Today we are celebrating a thoroughly contemporary achievement - a proof that the long standing friendship between us is not only still very much alive, but is being expressed in ways that are new, important and forward-looking.

It's an achievement that will ensure Australia and New Zealand remain close and constructive partners well into the next century.

The achievement is the removal of the last barriers to trade in goods across the Tasman. From yesterday, 1 July, trade in goods across the Tasman is absolutely free and unfettered.

That represents for both of us a major victory under the Closer Economic Relations agreement - an agreement that is progressively delivering benefits to the 21 million people of our two countries in the form of greater access to a wider range of goods in a more competitive market.

It has taken years of hard work to reach this point. It is the culmination of a long process which began when people of foresight in both our countries recognised that if we were to remain competitive and ensure our place in the regional and global economy, it was essential that we work together.

Let me take this opportunity publicly to recognise the vision, determination and cooperation of the "founding fathers" of the Closer Economic Relations Agreement, some of whom are here tonight. It was the previous Australian Government that was responsible on this side of the Tasman for the preparatory work on CER, and my comments tonight reflect a truly bipartisan sense of satisfaction over the way in which CER has developed over the years.

Since the CER Agreement came into force in 1983, total bilateral trade has grown from just under \$1 billion in 1983 to about \$4.5 billion in 1989. That is an average annual rate of 15 per cent - faster than the growth in trade by either country with the rest of the world.

Our exports to you were worth about \$2.5 billion last year - a 100 per cent increase since 1983.

And your exports to us broke through the \$2 billion mark last year - up from three quarters of a billion in 1983.

So in this larger pie, the balance of trade is very close to equal.

At the same time, the total stock of trans-Tasman investment has grown from about \$1.5 billion in 1983 to more than \$10 billion at the end of last year.

Those achievements of course have not happened by accident or through benign neglect. They have come about because governments on both sides of the Tasman have acted, with determination and foresight, to make sure that our economies are strong, competitive and unhampered by unnecessary regulation.

And they have come about, too, because business leaders and unionists on both sides of the Tasman have seen and grasped the opportunities for change and have built a dynamic and very productive Australia-New Zealand relationship.

Let's not assume, either, that this achievement is an end in itself.

There is still much to be done, both under the CER agreement and in pursuit of micro-economic reform in each of our countries.

As we said in our communique earlier today, we want Australians and New Zealanders each to be able to regard the other's economy as an extension of their own. The Tasman will not be a legal, administrative or financial barrier to the free flow of commerce.

For Australia's part, I assure New Zealanders publicly, as I have told Mr Palmer privately, that in considering our micro-reform options we are committed to taking due account of our CER obligations.

A major review of the CER Agreement is scheduled for 1992 and we have announced today a mechanism to establish an agenda for that review, in consultation with the business community, unions, professions and other interested people.

This review will be an exciting one. It will take us beyond the familiar domain of economic issues into uncharted territory.

Both of us have, rightly, rejected the notion of political union. That is not on the agenda. But we have to acknowledge that as economic integration proceeds, complex questions will be raised about how best to co-ordinate and harmonise the decisions and actions of two sovereign nations.

As a result progress may be a bit harder in the future than it has been so far. That does not mean we should ease up; it means we should try harder. And to that end we have agreed that the Australian and New Zealand Prime Ministers will aim to meet together once a year to take an annual stocktake of the total bilateral relationship.

As our increasing joint economic strength is applied to take full advantage of the regional and wider world market, so too must we translate the sorts of free trade commitments we have under CER to the wider trading environment. The creation of a market of about 21 million people is not an end in itself.

Australia and New Zealand are committed to free and fair international trade. We must maintain our continued joint pressure for a successful outcome to the Uruguay Round of multilateral trade negotiations. We will work together with New Zealand in ensuring that more open trading arrangements and cooperation are developed through the process of Asia Pacific Economic Cooperation.

The Uruguay Round is the major international economic enterprise in which we are currently engaged. Australia and New Zealand are working closely together for a successful outcome to the Round across the full spectrum of negotiations.

The GATT system has been placed under enormous strain by continued recourse to protectionism and discrimination, often by countries which themselves have benefitted greatly from the existence of the GATT.

Agriculture is a case in point. Agricultural policies in the OECD area led to a total transfer from consumers and taxpayers of US\$245 billion in 1989.

Australian and New Zealand producers, the world's most efficient, are kept out of markets in which consumers are forced to pay inflated prices for basic foodstuffs.

Countries are being denied opportunities to trade their way out of their problems.

Resources that could be applied through investment to the restructuring of Eastern Europe are being diverted to generate inefficient production.

For all these reasons, agriculture is the pivotal issue in the achievement of a successful outcome in the Round. It is also why our two countries will continue to work closely in the Cairns Group of fair-trading agricultural nations to ensure a fair game and a level playing field.

Mr Prime Minister

Speaking of playing fields - it's traditional that whenever Australians and New Zealanders get together, the talk turns to sport.

Unfortunately we could not continue our regular Trans-Tasman Prime Ministerial golf tournament this morning; I think under the atrocious weather at dawn our scores would have made us look more like cricketers than golfers.

When we last met, we presented two perpetual trophies for trans-Tasman competition in women's cricket and rugby league. Our women cricketers have already been able to bring the Southern Cross Trophy back across the Tasman. We are also looking forward to the back-to-back competitions coming up in August in both codes of rugby - with the Australasian Trophy for League and the Bledisloe Cup for Union.

But with all this talk of trophies, Mr Prime Minister, let's not forget the main prize.

In meeting today to celebrate the achievement of free trade in goods between our two countries, we're not celebrating a victory of one side at the expense of the other.

We're rejoicing in a triumph of mutual cooperation and shared endeavour, where the trophy is enhanced prosperity for future generations of Australians and New Zealanders.

The increasing integration of our markets, our close and effective liaison over the full range of policy issues and our close cooperation in international forums, add up to a startling and deeply encouraging fact: the Tasman that separates us is becoming more and more like a bridge that brings us together.

And let me close my saying to you personally, Mr Prime Minister, how much we on this side admire and respect your contribution to this achievement.

It is common ground that neither Australians nor New Zealanders wish to abandon or undermine the separate national identities of which we are so proud.

Within that framework, you have displayed vision, energy, and political will, and you have demonstrated the capacity to take tough decisions necessary for New Zealand's long-term future.

That determination has delivered benefits not only for New Zealanders but for Australians too.

So we are all the winners as a result.

That fundamentally is the cause for celebration today. In welcoming you to Canberra on this visit, we salute you for your active contribution to the cause of closer economic relations between relations between Australia and New Zealand.

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