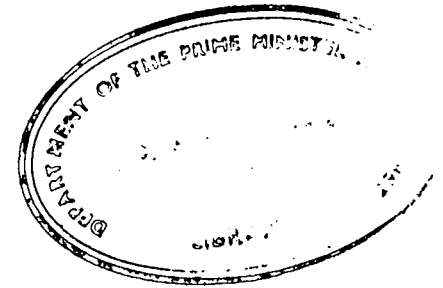


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**PARLIAMENTARY STATEMENT BY
THE PRIME MINISTER
VISITS TO NEW CALEDONIA,
THE SOUTH PACIFIC FORUM,
PAPUA NEW GUINEA AND JAPAN.
TUESDAY 9 OCTOBER 1991**



Mr Speaker

I seek leave to report to the House on four important visits I have undertaken recently within the Asia-Pacific region: to New Caledonia between 27 and 29 July; to the South Pacific Forum held in Port Vila, Vanuatu from 30 July to 1 August; to Papua New Guinea between 2 and 6 September; and to Japan between 16 and 20 September.

The South Pacific Forum is the pre-eminent regional body which brings together each year leaders from Australia, New Zealand and the Pacific Island countries. New Caledonia lies within our immediate region, while Papua New Guinea is not only Australia's closest neighbour, but is a country with which we share important historical, economic and strategic interests. Japan is, of course, one of the world's great economic powers and our relationship with it is one of Australia's most vital.

While each visit raised important issues of its own, a number of recurring and complementary themes emerged from this intensive period of regional contact.

For instance, in Tokyo I pursued with Prime Minister Kaifu and his Ministers Australia's concern to see decisive movement in the Uruguay Round negotiations, which are about to enter their final stage. I urged Japan to show true leadership, and thus exert pressure on the other majors - the EC and the United States - by further liberalising import controls on agricultural products, especially rice - not because Australia itself is a significant rice producer on a world scale, but because such a step would have far-reaching symbolic importance at this vital stage of the Uruguay Round negotiations.

These negotiations are of real importance to all countries around the world, especially to those of our South Pacific and South East Asian neighbours belonging to the Cairns Group.

Japan acknowledges the fact that the Uruguay Round negotiations will fail unless vital matters relating to agriculture are sensibly addressed.

Similarly, leaders at the South Pacific Forum expressed satisfaction with the progress made over the past twelve months in mobilising support against the obnoxious practice of drift-net fishing and urged other countries to become party to the Wellington Convention. I was able to take that message personally to Japan, which has suspended drift-net fishing operations in the South Pacific. I told Japan's leaders that the suspension was welcome in the region but that our goal remained - and rightly so - a world-wide ban.

Also against the background of my attendance at the South Pacific Forum and of my visit to Papua New Guinea, I was able to urge Japan to expand its constructive investment and development assistance in the region; the Island economies are in need of it, and it is important that major donors such as Australia and Japan maintain close and continuing dialogue.

Let me now report in turn on each of my visits.

New Caledonia

The visit to New Caledonia at the invitation of Prime Minister Rocard was the first to the territory by an Australian Prime Minister since Mr Robert Menzies in 1941.

My program included meetings with Mr Louis Le Pensec, the French Minister for Overseas Departments and Territories, and with New Caledonian political leaders, including the President of the Territorial Congress, and leaders of the Southern, Northern and Loyalty Islands provinces. I also had discussions with the Mayor of Noumea, with the President of the FLNKS, Mr Neaoutyine, and the widow of the assassinated former President of the FLNKS, Madam Tjibaou. I was thus able to have discussions with a very wide range of New Caledonian leaders, representative of the political spectrum.

I was greatly impressed by the positive and constructive change in New Caledonia that has followed the signing of the Matignon Accords. All those involved in the Matignon process - President Mitterrand and Prime Minister Rocard, the independentist groups, and those who want a continuing constitutional link with France - deserve great credit for the way in which they have set aside old animosities and are working together to broaden New Caledonia's economic and political base. This will allow a genuine act of self determination to be made in 1998, leading to a viable long-term political status for the territory.

I offered Australia's continuing help in this process, including assistance in training young New Caledonians, broadening our economic links and encouraging, where we can, New Caledonia's links with the wider Pacific community.

I made it clear that, notwithstanding differences of policy over French nuclear testing and over the EC's agricultural policies - differences which I restated - and whatever the outcome in New Caledonia, Australia believes that France has a constructive and welcome political, cultural and economic role to play in this part of the world.

At the South Pacific Forum I was able to brief other leaders about my visit to New Caledonia. This was very much welcomed because, as Honourable Members will know, it remains an issue of great interest throughout the region.

South Pacific Forum

As is my practice at Forum meetings, I was able to have valuable bilateral discussions with a range of South Pacific leaders, including with Prime Minister Lini of Vanuatu and Ratu Mara of Fiji.

The Forum demonstrated again its practical relevance to the needs and concerns of the Pacific states. A wide range of regional issues was discussed in the usual frank and informal way, including matters relating to the environment, fisheries and regional multilateral organisations.

In particular, the United States Government's plans to dispose of chemical weapons stocks at the facility it has constructed on Johnston Atoll was the subject of understandably lively debate. Some Island leaders expressed concern for the safety aspects of the project. Others were concerned that the Pacific was coming to be seen as a dumping ground for the industrial waste of developed countries.

I put to my colleagues Australia's view that the Johnston facility would help to resolve a serious existing environmental problem - the deterioration of the stock of chemical weapons on Johnston Atoll - and would also help rid the world of these devastating weapons by making more possible the comprehensive global ban on their construction and use, for which Australia has worked so hard.

Let me say that I reject totally the absurd notion being peddled by some that the destruction of chemical weapons on Johnston Atoll is somehow akin to the testing of nuclear devices at Mururoa.

I agreed fully with all Forum leaders that the Pacific should not become a waste dump, and that once the weapons at present on the island, those that may be found elsewhere in the region, and those being transhipped from Europe, were destroyed, the facility should be closed down. We welcomed, therefore, the United States Government assurance that it had no plans to extend the life of the facility beyond its current program. We also welcomed the United States' offer to discuss the facility in detail with Forum leaders and a delegation has since held useful talks in Washington.

Papua New Guinea

The visit, which included discussions with Prime Minister Namaliu and his Ministers, Opposition Leader Wingti and with a range of Provincial and business leaders, was the most extensive undertaken to Papua New Guinea by an Australian Prime Minister since 1976. As well as Port Moresby, I visited Mount Hagen, Madang and Rabaul. The welcome at each of those provincial centres was nothing short of overwhelming, and symbolised in the most dramatic and colourful of ways the great depth of the relationship between our two countries.

The relationship with Papua New Guinea remains one of our most important. Papua New Guinea is the largest recipient of Australia's bilateral aid; it is the fourth largest export market for Australia's manufactured products; it is our sixth largest overseas investment destination, with total net investments of about \$1.8 billion, a figure which could exceed well in excess of \$4 billion if major resource projects in Papua New Guinea proceed as planned. Over 11,000 Australians reside in Papua New Guinea and, over the past decade, some 2,000 Papua New Guineans have studied here under Australian Government scholarships and training awards.

Since 1983 my Government has worked hard to develop constructively and positively the relationship with our nearest neighbour. In December 1987 I signed with then Prime Minister Wingti the landmark Joint Declaration of Principles. In May last year I signed with Prime Minister Namaliu a Five Year Development Assistance Agreement. During my visit to Port Moresby an Agreement for the Protection and Promotion of Investment was signed.

The Joint Declaration of Principles spelled out that the relationship between Australia and Papua New Guinea is one between two independent nations each responsible for its own destiny. A fundamental purpose of my visit to Papua New Guinea at this time was to underline this simple but vital fact, the significance of which is still sometimes not fully grasped and understood in parts of Papua New Guinea, Australia and elsewhere.

Throughout my visit, I stressed that Australia had no wish to intervene in solving Papua New Guinea's problems. If effective solutions are to be found, they must be solutions which emerge from within Papua New Guinea and are implemented by Papua New Guineans. It is neither possible nor desirable to turn the clock back. I also said it was important that the relationship between the two countries be taken forward very much within the context of the economic dynamism of the Asia-Pacific region and that Australia looked forward to the time when Papua New Guinea could itself become a member of APEC.

The totality of my message was well understood and, indeed, welcomed by Papua New Guinea's leadership. For his part, Prime Minister Namaliu said that his Government wanted to speed up the shift in the balance of our aid program away from budget support and towards the more usual project support, with a view to the former being phased out by the end of this decade. I welcomed that goal and officials from the two countries will be taking the matter forward in the lead-up to the scheduled 1992 review of the current Development Assistance Agreement.

None of this means that Australia is walking away from Papua New Guinea. Both countries are too important to each other for that to be allowed to happen, and it is clear from my Government's actions over the past seven years that is not our policy. Australia and Papua New Guinea remain enduring friends and committed partners.

Honourable Members will be aware of the enormous problems faced by Papua New Guinea over the past 18 months, the most significant of which have, of course, been those on Bougainville and the subsequent closure of the BCL Mine at Panguna.

That closure led, in one blow, to Papua New Guinea losing 37% of its export income and 17% of its budget revenue. The requirement for fundamental adjustment on the part of the Papua New Guinean Government and its people was obvious. Throughout my visit I was struck by the realistic appreciation and acceptance of the challenge. There was no attempt to turn away from it or to pretend that it was not there. And, to date, this attitude has been reflected in the implementation by the Papua New Guinean Government of the Structural Adjustment Program agreed with the World Bank and the IMF, and in which Australia has played a significant role. Prime Minister Namaliu and his Ministers and the people of Papua New Guinea are to be congratulated for this realistic commitment.

The problem of Bougainville does, of course, remain. In my discussions in Port Moresby, I reiterated the Australian Government's position that Bougainville should remain an integral part of Papua New Guinea and that we fully support the Papua New Guinean Government's commitment to a political solution. I also reiterated our willingness to assist in the rehabilitation of Bougainville once an agreement has been worked out.

I raised again the Australian Government's concern about reported human rights abuses, both by the Papua New Guinean authorities and the Bougainville Revolutionary Army. In this context, I am disappointed that Bougainville leaders have, to date, declined the offer by the Papua New Guinean Government to invite an outside body to investigate allegations involving both sides.

Prime Minister Namaliu and his Ministers outlined frankly the problem confronting Papua New Guinea in law and order, a problem impinging on Australians themselves living in Papua New Guinea and a problem which, if left unchecked, would complicate the task of attracting much needed foreign investment. We agreed to examine the challenges confronting Papua New Guinea in the 1990s, with a view to determining how best the authorities there might meet the challenges and how Australia might best assist. It is planned that both sides will be in a position to pursue discussions further once the initial studies have been completed by the end of October.

Lastly, I discussed with Prime Minister Namaliu the heartening progress which has been made on the vital work of reforming Papua New Guinea's Constitution to allow the maintenance of more stable parliamentary majorities between elections.

Mr Speaker, we should not forget that, while Papua New Guinea faces a complicated mix of problems, it is also a country rich in resources, both material and human. My visit to the Porgera gold mine and my talks with many Papua New Guineans from all walks of life around the provinces, gave me ample evidence of that. With determined leadership and with continued assistance, from Australia and its other friends, there is no reason to believe that Papua New Guinea cannot realise its significant potential.

Japan

Melbourne's bid for the 1996 Olympics occupied the first two days of my visit to Japan. Honourable Members are, of course, aware of the outcome of that bid. Atlanta is to be congratulated and I am sure its people will stage a most successful Games to mark the centenary of the modern Olympics. At the same time, all Australians should feel immensely proud with the effort made on their behalf by the Melbourne Olympic Committee and by the many people, including the Leader of the Opposition, who put in so much effort to secure the Games. That the bid was not successful was not, in any way, a reflection on their effort and dedication or on the excellence of the bid itself.

My two days of discussions in Tokyo encompassed talks with Prime Minister Kaifu and, separately, his Ministers for Foreign Affairs, Finance, International Trade and Industry, and Agriculture, Forestry and Fisheries. I also met with former Prime Minister Takeshita and with the Chairperson of the Japan Socialist Party, Ms Doi. I addressed a meeting of the Australia-Japan Dietmembers' League, and 600 senior Japanese businessmen who were attending the annual All Japan Chambers of Commerce. I met separately with a dozen or so of Japan's foremost business leaders.

Mr Speaker, the relationship with Japan is of the highest priority for Australia. Not only is Japan's economy of global importance but, during the course of this decade we will see Japan assume an increasingly important political role in world affairs, something which my Government welcomes and to which I shall return to later.

But over and above our many shared global and regional interests, the bilateral relationship with Japan stands in its own right

- . Two-way trade with Japan is now worth over \$23 billion a year, with Japan being Australia's largest trading partner and Australia being Japan's sixth largest trading partner
- . Japanese investment in Australia is worth over \$36 billion or about 15% of total foreign investment in Australia and has increased by over 70% since 1986/87
- . Japan is an important source of tourism for Australia, with visitors numbering about 350,000 in 1989

Impressive as these figures are, we aspire to an even more diversified and rich relationship with Japan. For instance, as I pointed out in Japan, of the \$9 billion currently invested by Japan in Australia, some 92% is invested in tourism and real estate. Tourism is a major growth industry for us. But we do not see ourselves solely as a purveyor of leisure services; nor do we see particular economic advantage in selling real estate as an end in itself.

It is time, in short, for Japan to be more creative in its approach to investment in Australia and to joint ventures with us.

The bilateral relationship is well managed within the framework of the Australia-Japan Ministerial Committee and my visit provided an opportunity to promote a further broadening and deepening. Mr Kaifu shared this objective, and it has been agreed that the existing Science and Technology Agreement will be revised so that cooperation under it can encompass not only pure research but also important areas of applied science. It was also agreed that officials would explore areas of further cooperation in clean coal technologies - the Brown Coal Liquefaction Project at Morwell in Victoria being a good example of what is possible.

Against the background of the fundamental changes made to the Australian economy since 1983, I discussed with Mr Kaifu, his economic Ministers and with Japanese business leaders, the mutual benefits to be gained through increased investment in the Australian manufacturing sector. In this context, I am pleased to be able to report that the Japanese Government and business leaders continue to take a very positive approach to the further development of the Multi-Function Polis or MFP, as made clear through their:

- . Welcoming of Adelaide as the location for the MFP;
- . Agreement to nominate, as Co-Chairman of the International Advisory Group to report to Senator Button, its foremost business leader, Mr Eishiro Saito, Chairman of Japan's private sector umbrella group, Keidanren; and
- . Agreement to send an investment mission to Australia in connection with the MFP

I assured both the Japanese Government and business leaders that the prejudices within Australia which, at one point, put the MFP at needless risk, represented very much minority views.

Mr Speaker, as I suggested earlier, I told Mr Kaifu - and I stated clearly in public speeches - that Australia wanted to give positive encouragement to Japan to play a wider role in global affairs, more commensurate with its economic standing. I want to state clearly here and now that I believe such a trend is inevitable and that it is in our interests.

It is self-evident that the world today, as it embarks upon its post-Cold War era, is very different to the world of the 1940s, when post-war global institutions were put in place. The time has clearly come for thought to be given about how those institutions, including the United Nations, might accommodate Japan's new role. Within the United Nations, for instance, there is obviously a range of possibilities, up to and including permanent membership of the Security Council. The question is a delicate one and involves a range of complex issues in which many countries have a legitimate interest. For that reason, I did not in any way seek to be prescriptive, but sought to highlight an important question which needs to be addressed.

Mr Kaifu was appreciative of my comments and said he felt honoured that I had chosen to raise the issue. It was emphasised to me that while Japan wished to play a greater political role in world affairs, the terms of Japan's Constitution do not permit the deployment of Japan's armed forces abroad for combat operations. Japan is not contemplating any change to its Constitution, but this is, of course, a different matter from the foreshadowed change to Japanese legislation which will enable Japan to play a fuller and more active role within the framework of United Nations peacekeeping operations. My Government would welcome that.

Amongst the global issues discussed with Mr Kaifu and his Ministers, the most significant was the situation in the Gulf and its implications, both politically and economically. We confirmed our respective support for the relevant UN Security Council Resolutions. Mr Kaifu outlined Japan's contribution to the multi-national effort in the Gulf and said that, within the framework of its Constitution, Japan was examining what else it might be able to do. He applauded Australia's resolute and quick action in meeting the crisis by despatching naval vessels.

I expressed appreciation for Japan's contribution and said that, while it was clearly a matter for Japan itself to determine, any decision to do more would be understood by Australia.

In exchanging views about developments in the Soviet Union, both Mr Kaifu and Foreign Minister Nakayama outlined the current state of Japan-Soviet relations, including the outstanding question of the Northern Territories. I expressed my Government's hope that the issue would be resolved in a way acceptable to Japan, as Japan-Soviet relations were a matter of importance to all countries in the Asia-Pacific region.

Other issues covered in my discussions included Antarctica, APEC, China, the Korean Peninsula and Cambodia:

- . I outlined to Mr Kaifu the Australian-French initiative to preserve the unique Antarctic environment and the importance of the forthcoming Santiago Conference. Mr Kaifu expressed his hope for a satisfactory outcome at Santiago and agreed that our officials should continue to consult in the lead-up to the Conference
- . Mr Kaifu and his Ministers were especially supportive of the APEC initiative which I launched early last year. It was agreed that the two countries would continue to work together closely on this and other regional issues such as Cambodia
- . On the Korean Peninsula, we both expressed concern about the failure, to date, of the DPRK to enter into its Safeguards Agreement with the International Atomic Energy Agency, a matter of great importance in the context of proliferation.

Mr Speaker,

As is obvious from this report, my visits have, in each case, advanced concrete Australian interests and have, once again, demonstrated Australia's continued high standing in the region.

It is therefore a matter for regret that while I was in Japan, the Opposition Leader, Dr Hewson, delivered an address on foreign policy in which he made clear his belief that Australian influence in the region had become, in his word, "marginalised", and that Australia's foreign policy was, again in his words, "in disarray".

"Let me put this point quite bluntly," Dr Hewson said. "We are no longer the diplomatic and economic force we were in the Asia-Pacific region, because our relative economic situation has declined considerably ..."

Mr Speaker, everything that emerged from the regional visits that are the subject of this report reveals this statement for what it is: the uninformed and opportunistic posturing of this apprentice.

Quite simply, Australia now stands at a high point of its constructive regional influence, and you need look no further than Cambodia on the political side and APEC on the economic, for proof of that.

Dr Hewson implies there was a lost golden era when Australia enjoyed greater positive influence in the region.

Is this successor to the Liberal Leaders who sent Australian troops into Vietnam referring to that sort of regional influence?

Is he talking about the wasted years of hypocrisy on trade under Malcolm Fraser, when this country preached reform but practiced inflexible self-centred protectionism?

Does he suggest that Australia's influence was greater before this Government took the internationally recognised and applauded lead in the establishment of

- the Cairns Group?
- the new forum for Asia Pacific Economic Cooperation?
- the South Pacific Nuclear Free Zone?
- the framework embraced by the UN Security Council for advancing the restoration of peace in Cambodia?

Mr Speaker, Australia is a nation that has spoken for a long time about being part of the Asia-Pacific region. But it is only under this Government that real effect has been given to those words; it is only this Government which has defined economic enmeshment with the region as a key objective for this country for the coming decade; it is only this Government, and this party, that has never wavered in its unequivocal commitment to non-racial principles of immigration; and it is only under this Government that Australia's potential as an active, respected and positive partner in the region has started to be fulfilled.

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