



## PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING, MP  
DOORSTOP CANBERRA, 6 SEPTEMBER 1992**

### **E&OE PROOF COPY**

**PM:** I want to say something about the Coalition's trade policy. The Coalition is basically out of control on the question of trade and the reason it is, is because Dr Hewson was embarrassed in Queensland over the issue of sugar tariffs. In an attempt to divert attention from the divisions between himself and the National Party over tariffs he has lashed out at the United States and Japan, and in a most erratic display he is now seeking to line Australia up behind Mexico and Chile to get a trade pact with the Americas while turning our back, as he would, our back upon Japan, South Korea, Singapore, ASEAN, all the places where our trade is greatest and where our trade is growing fastest. There is no more important thing that any Australian political party or leader can do then to orient Australia well in the area of international trade.

But what we have here is a basically a naive, primitive approach where Dr Hewson is attempting to throw our lot, Australia's lot, in with a country, the United States, which doesn't want us and for which the greater part of our trade is now managed with quotas, voluntary restraints, etc. As well, I noticed Mr Hill attacking the failure of APEC, the one body which keeps Australia trading and part of the Asia-Pacific, certainly a trade-liberalising sense with Continental Asia, the Asia-Pacific and the United States and Canada, APEC, the one body that the Opposition is attacking. So we have got Dr Hewson saying he wants to attack the United States, but at the same time be part of it. Mr Fischer yesterday said the United States is trade enemy number one, but today they want to be part of it, and at the same time line up behind Chile, Mexico to become part of an America's trading block where we would have to get the consent of their Parliaments, the Mexican,

US and Canadian Parliaments, to be part of an area where a very modest volume of our trade and certainly trade growth goes.

Now on top of all that, we have got Mr Lloyd and Mr Fischer wanting to subsidise Australian wheat. These are the Coalition leaders of the Coalition with Dr Hewson, where Dr Hewson says no subsidies, zero tariffs, no sugar subsidies, no wheat subsidies, but they say, yes you should subsidise Australian wheat. So you can see how erratic the Opposition now is. Once they fall away from the supposed fall-back to the Fightback document, which is itself full of holes and blown to pieces, they are entirely erratic, whether it is on trade, whether it is on industrial relations, whatever it might be there is no depth and policy substance in them. So Dr Hewson says no subsidies, Mr Fischer and Mr Lloyd say they want to subsidise Australian wheat.

And then you have got the spectacle of Mr Johnston, from Toyota, saying that he is fed up with the Opposition, their "no-listening thing" as he calls it, amazes him. He said that the notion that the Opposition want to attack this Government for stopping the import of Japanese used cars, used cars, into our market was a matter which of course he found completely inexplicable.

So I make the point that it is entirely natural for Canada and Mexico to be part of the United States, nearly 70 per cent of their exports go to the United States. Only 12 per cent of our exports go to NAFTA, yet our greatest trading partner, Japan, where we now run a huge trade surplus, Singapore our third largest partner, South Korea, ASEAN, where the growth in trade has been at 151 per cent growth over I think three years, I will give you the exact figure in a moment. Exports .... at around .... over the past five years from \$2.6 billion to \$6.5 billion, - we're supposed to fly over them on the way to California.

J: Andrew Peacock, as far as he is recognised in this dilemma, was saying this morning that you can't have the best of both worlds.

PM: What we are trying to do is have the best of all worlds, the Government, we are trying to chart for Australia a country which is not naturally part of any bloc, to have trade liberalising in the Asia-Pacific through APEC, bilateral trade links with particular countries like Japan, South Korea, Singapore, ASEAN and that group, as well as continuing the press for market access into the United States and Canada. That's the wise approach; the dumb approach is to try and line up behind Mexico and Chile to become part of a trading block where we are not naturally a part, where they don't want us, and our exports are now managed by quotas and voluntary restraints.

Fancy turning your back on the place where you live, which is growing the fastest, where your success is the greatest. I mean isn't this the Liberal Party when it really gets down to it? They've always have got to have some paternal hand on them, it is the United States in the end. Mr Fischer may say they are enemy number one but

they want to go back under the skirts of the United States because they are only safe if they can taxi it round Washington. They don't want the alien markets, as they see it, of Japan, Singapore, South Korea, Indonesia. No, that's too hard for them. They are not English-speaking markets, they don't know the culture there, and for the dear old Liberal Party the only place they call home is either London or Washington.

**J:** .... agricultural exports to Japan, I mean we can't get in there with rice for example?

**PM:** But we get in there in a pretty big way with coal, don't we? With iron ore, with beef as they liberalise those beef markets, and they are on a process of trade liberalisation, and they have been doing it - with pressure - but again the big stroke is GATT, the big multilateral stroke is GATT and that's where you get a systemic opening up and that's why the Government has put its greatest effort on it. Writing to an American President in the middle of an election campaign, hoping that you will get some redress on something for which they have taken a political initiative, and which the administration is saying where they will seek to avoid impact on markets where Australia exports its product, is futile. But no worse than taking the mindless and unthoughtful step of saying we will be part of the North American free trade area. The Government thought about these things in the '80s, John Dawkins, Bob Hawke, myself, all discussed these subjects, North American trade in the middle '80s.

**J:** On Friday Mr Dawkins did say we should be part of NAFTA ..

**PM:** No, he didn't say that at all. He said we are a trade with North America, the Asia-Pacific is our area, APEC is the institutional body that we want to see develop, which we have proposed which the US has adopted, with the whole of the Asia-Pacific has adopted, an Australian initiative has been adopted in this area which is going to be a trade liberalising force. Senator Hill, the foreign affairs spokesman, says we don't want a bar of it, the fact is they are all over the place, Dr Hewson is slipping and sliding through the North Queensland cane fields, while Mr Fischer is behind him saying we will subsidise it, while you have got the National Party saying they will drop out of any arrangement on reductions in tariffs on sugar, while you have got the car industry saying, don't attack Japan, you're not listening. The fact is this man is erratic and he is all over the place and his trade policies are a danger to Australia.

**J:** Mr Keating you mentioned GATT, what is your prognosis now for the outcome of the trade talks?

**PM:** Well this move by the Americans will put more spice into the round, obviously. I think that there will be more pressure to get an agreement so that these subsidies wars, people will desist from them. Obviously the best international backdrop to

good and fair trade is to extend the GATT agreements of the '60s in goods into agriculture and services in the '90s.

J: Are you optimistic about a satisfactory agreement though, or not?

PM: I remain optimistic yes, I think something reasonable will come from it.

J: .... do you think there is any point in any US contact between us and the Americans ... ?

PM: It is like two noisy neighbours, instead of yelling out over the back fence we have basically gone and called the police, we have gone to GATT and said look let's bring the Americans under scrutiny here. It is the toughest thing we have done.

J: Mr Dawkins also said last week that there are a number of ways we could get back at the Europeans who are the true villains in this trade war. Do you agree with Mr Dawkins?

PM: Well they started the trade war. They started the subsidies, by first of all building production subsidies and then extending them into exports, so they promote the development of large quantities of produce and not content with simply seeing the butter mountain, or the wine lake, or the rest of it obtained, they then want to subsidise its exports, the US joined them in that to protect their markets. And the best result in all of that is a general agreement in the GATT about trade.

J: But how long can this GATT process keep going on?

PM: Well it is coming obviously to its conclusion.

J: So in the longer run the US actions may actually be in our favour?

PM: The key phrase is to get a good backdrop for international trade, the great growth in incomes postwar have come from the success of the Kennedy Tokyo round in GATT and international trade, and a general agreement in that is what we need. We don't want to be hiding under someone's skirts, and particularly someone who doesn't want us.

ENDS