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PRIME MINISTER

**PRIME MINISTER'S PRESS CONFERENCE FOLLOWING MEETING WITH
PRESIDENT KIM YOUNG-SAM, SHILLA HOTEL, SEOUL, KOREA,
21/6/93**

PM: Can I first say I am delighted to be making my first visit to the Republic of Korea. Korea is a long standing friend and trading partner of Australia and an increasingly influential player in regional affairs. It is therefore valuable to have this opportunity to meet President Kim Young-Sam and to talk with him about our bilateral relationship and also the wider interests we share in the region.

Could I say that this morning I had an excellent discussion with President Kim and we covered a lot of ground and I was struck by the extent of our agreement on all the issues we discussed. As a career politician I took pleasure in congratulating him on being Korea's first civilian President in more than thirty years. I also congratulated him on the support he has received for his bold program of economic and government reform.

We talked about North Korea, including the nuclear program and he thanked me for Australia's strong support on that issue. We talked in detail about the important relations each country has with the United States, Japan and China. We agreed on the need to maintain our close defence alliance with the United States and to develop, in addition, security dialogues with regional countries. We were in firm agreement on APEC, on the need to carry forward its trade liberalising agenda. We also agreed to hold, as soon as possible, a meeting of APEC leaders. We discussed our bilateral relationship - between Australia and Korea - and agreed it was in sound shape.

We talked about the need to have our economic relationship expand and diversify and to take advantage of Australia's standard of skills in areas like telecommunications, computer software and environmental technology. We agreed to establish a joint economic committee of senior officials which will provide a more integrated approach to our widening relationship. Overall, my objectives in

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this visit are to establish a strong working relationship with President Kim and his Government; to carry forward our dialogue on APEC and other regional issues; and overall to demonstrate Australia's potential to have a wider economic relationship with Korea. I think we've made a good start. And now I am happy to take your questions.

- J:** Mr Prime Minister, could you tell us regarding the regional security dialogue, could you expand on it? Would it be an APEC-like multilateral forum?
- PM:** No, no we see APEC as having a role in the economic dialogue as essentially an economic institution. But a wider regional security dialogue can occur outside of the formal treaty arrangements between the United States and Korea, the United States and Japan and the United States and Australia. That is, instead of simply along those lines of treaties and formal discussions we can also have discussions about security issues within the region.
- J:** I have two questions. Number one, you were mentioning about upgrading the current APEC ministerial meeting to a Summit. How do you propose to resolve the problem of representation by the so-called 'three Chinas' - Chinese Taipei, Hong Kong and Mainland? My second question is also on the regional security dialogue. There are speculations here that security dialogue will take place within the existing frameworks of APEC and ASEAN's EAEC. How so you expect to develop those two frameworks and do you see any competition between those two?
- PM:** I don't see APEC having a role in regional security issues. It is one which has been currently built around - that is, any economic discussion - built around the post-ASEAN Ministerial Council Meeting. And that I think is working quite well and providing a discussion beyond the formal treaty discussions which most of us have been in. On APEC itself I think that one of the matters which I'll be speaking to the Premier of China about will be the prospect of China's representation at an APEC leaders' meeting and its views in relation to the other economies of Taiwan and Hong Kong. And I think that maybe after that time we'd be able to have a clearer idea of where China and the other economies stand. Suffice to say I'd be very surprised if China wouldn't see an invitation by President Clinton to convene a leaders' meeting as an opportunity.
- J:** Prime Minister you talked in your speech today about asking America to convene a meeting. Are you putting pressure on them to convene the meeting and when do you think it might be?

PM: No, I think that were APEC countries to be represented on a leaders basis it would give it more political authority and therefore the horsepower it needs to do things. But again, that's not a matter of urgency from our point of view. I think it ought to happen but it's not a matter of urgency. And therefore while there has been some interest on the United States in considering holding such a meeting - whether it is this year or next year or the year after - I think is immaterial to the holding of it. So, we're not putting any pressure on the United States to hold a meeting. This is a view coming from within the administration about the usefulness of APEC.

J: Australia enjoys more than two billion dollars trade surplus with Korea, but actually Australia levies more than thirty percent on imported Korean textiles, fabrics and cars. Korea only levies at ten percent of custom tariff and so that means ..(inaudible)..another barrier for that. And also Australia is one of the major countries to ...(inaudible)... for the anti-dumping to the Korean commodities. So what do you think about that, and the second things is there is a little disappointment from the Korean side because this time there are no ministers or high ranking officials from the trade side - it seems like Australia is not putting their efforts to diminishing trade surpluses with Korea.

PM: I think there a just a couple of points to make about that. The first is that Korea has a, largely, balance of trade with the United States but we have a large imbalance of trade with the United States. Our current account deficit is of the order of about sixteen billion and we have a trade deficit with the United States of the order of about seven billion. So, what may be your trade surplus, from time to time, with the United States, is our trade deficit. And I think seeing that in the broad picture is the way to see it. Secondly, and I think the reason why we may have a surplus with Korea at the moment - and I emphasize at the moment - is that your economy has been growing quite strongly and therefore you have been requiring raw materials etcetera from Australia. We, on the other hand, have been growing over the last couple of years quite slowly. And therefore the demand for Korean exports has been slower and therefore, in a sort of temporary way, that trade gap has opened. As we speed up I think you'll see a more even and more natural balance in the trade.

PM: On the other questions of access, Australia will have a general manufacturing tariff of 5 per cent by 1997 and 15 per cent for motor cars. No quotas. Complete transparency, no quotas. That provides the

opportunity for any country that's competitive and that includes Korea to seek to sell its products within Australia. So, we are preaching the lowering of trade barriers and we are doing what we preach.

Finally, anti-dumping measures affect about 1 per cent only of Korean exports to Australia. I think it's just a handful of cases. We don't use anti-dumping measures as a protective device. And the other thing is, I think, Korea is currently examining the adoption of Australian anti-dumping techniques and policies for its own economy. So, that tends to suggest to me that the Government of Korea understands this point well if others don't.

J: Inaudible.

PM: In answer to the last part of the question, that is the first I've heard of that notion and certainly that is the notion that one should have a caravan of business people with one to denote one's seriousness about issues. This is not the view of the Government of Korea, I am sure. The President didn't raise the question of anti-dumping today. He alluded to the trade surplus but in the context of Australia supplying Korea's inputs for its worldwide trade and therefore, its trade balances with other countries to whom it supplies goods offsets the imbalance Australia enjoys with Korea for its raw materials. I think the President also understood my point, that is that with tariffs coming down to very low levels by the late 1990s, a total absence of quotas and total transparency in protection that there are opportunities to grow and we can see that in the very rapid 20 per cent growth of exports in the last year. Exports from Korea to Australia. So, I think the Government of Korea sees this in a proper economic and trading context.

J: Prime Minister, have you perceived yet any Korean interest in our land debate on Aboriginal land title and if there is any interest or knowledge what's been the reaction to some of the more vigorous opposition to the land title movement?

PM: No, there was no reference to it whatsoever.

J: Could you explain what are the priorities for the Joint Economic Committee? Can you also comment on why it was established as a ministerial group as is the case I think, with our two other major trading partners, Japan and the United States, given the rapid growth Korea has as our major trading partner?

PM: Well I think as in many things one is better to feel one's way before one dashes to a ministerial group and much can be gained, I think, by a better understanding of the two economies from the two

bureaucracies each having a better knowledge of the other country and the issues in trade and investment. That will be the primary focus of this bureaucratic grouping. That is to understand the issues in trade and investment and to understand them in such a way as to be able to effect changes between the two countries which enhance our trade and investment opportunities. We think there is a great complementary quality in these two economies and even though we have a substantial trade between us it has been to date largely centred around raw materials and we need to diversify that into manufactures and services from both directions so, this would be the purpose of the group. That's not to say there will still of course be meetings of Foreign Ministers and Trade Ministers periodically, and Industry Ministers as was the case with Minister Lee's visit here recently.

J: Prime Minister, what sort of assessment did you get from President Kim about the North Korean decision to back away from the earlier decision to quit the NPT. Did you get a sense that it's a permanent decision or that North Koreans might revisit back and more broadly, what sort of assessment did you get on the state of tension?

PM: Well, I think the President made clear to me that he was pleased by the halt to the withdrawal by North Korea from the Nuclear non-Proliferation Treaty and International Atomic Energy Agency processes and inspections. So far as it goes, the halt is at least a step in the right direction though it doesn't resolve the question of international inspections, credible international inspections of North Korea's facilities. I made clear to the President that Australia does support credible international inspections of North Korea's facilities and of course, we both agreed the Peninsula would be better without the further development of nuclear programs leading to weapons and the influence this may have in destabilising or upsetting at least the region in terms of strategic concerns. So, I think the President was happy with Australia's view which we had put not just privately but in international fora which we had put publicly.

On the second part of the question about tensions on the Peninsula, a very large part of North Korea's GNP is spent on defence. From memory upwards of 30 per cent from an economy which is somewhat debilitated, this is a very large expenditure and a shift of resources, an unwarranted shift of resources this obviously makes for tension not just in the Peninsula but in the area because we're led to believe that China does not support the development of a nuclear weapons program by North Korea either. But again, I think, on the part of

the Government in Korea, the Government of Korea has lived with this tension now for many years and I think, wants to see in that context a debate contained to at least no withdrawal from the NPT and again a resumption of discussions about the import of a North Korean Nuclear program.

J: I know there are a lot of Korean compatriots in Australia. Do you have any policy in the future to accept more Korean immigrants and if you have any such policy, please let us know.

PM: Well, Australia has the highest per capita immigration policy in the western world. We take more people per head of population if you take a five year average at any time than any comparable country. Australia has a non-discriminatory immigration program, that is non-discriminatory as to race or religion. There is a perception in the Korean consciousness through your education system a knowledge of Australia's migration program in the past which discriminated in favour of Europeans. This has long since passed twenty years ago and that is why now we have got a very multicultural population with almost half the intake each year now coming from Asia. So this is a substantial change on twenty years ago and that is why now there is a very substantial Korean population in Australia, a very large Vietnamese community, a very large Chinese community, a substantial Japanese community along with communities from the Middle East, Western Europe, etc.

J: Prime Minister, from your discussions today did you get any indication of how Korea perceives the prospect of Australia becoming a republic and whether that would have any spin-offs in terms of our acceptance in the region or our trading relationships?

PM: No, there was no expressed reference to Australia becoming a republic. I think in countries such as Korea they expect a nation to manage its own destiny and I think that point is probably beyond comment for them.

Thank you one and all.

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