

MASTER

**PRIME MINISTER**

TRANSCRIPT OF INTERVIEW WITH PRIME MINISTER AT SHANGRI-LA HOTEL FOLLOWING MEETING WITH PREMIER LI PENG, BEIJING, 23/6/93

PM:: Well, I had, I think, a very good meeting with Premier Li Peng where I thought I was given a generous welcome - where, in the opening of the meeting he paid substantial compliments to Australia. I think they regard us as a big and important player in this part of the world.

He began the meeting then talking about the first specific subject about the prospects of the Chinese economy, its growth and how Australia should be a participant in its growth and then he paid a substantial tribute to our raw materials industry and gave projections about the growth of the Chinese steel industry and said that he expected Australia would be a participant in its growth - as a substantial, efficient, reliable, raw materials supplier.

So we had some discussion about their economic growth, about their primary industries such as steel and then I went on to make the point that though we pride ourselves on being an efficient producer of raw materials, that we also are now a significant developer of products of innovative products and now a significant exporter and that we could play a role in China beyond raw materials supply to such things as telecommunications and computer sciences, environmental technologies etcetera. At this point he positively recognised and said that he knew about our technological capacities and that therefore he thought this was, you know, sensible. As China grew we would grow with them not only in raw materials but also in these other areas.

We then went on to have a general discussion about the world in general, the state of growth, where the industrial nations are lining up and the conversation then drifted around to APEC.

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And I think we both agreed on the prospects that APEC holds for accelerating growth and trade in this part of the world bearing in mind that the ambient climate is one of lower growth in Japan, Western Europe and North America. And that we should take the opportunities of moving APEC ahead as a vehicle for accelerating growth and increasing the velocity of trade.

He then confirmed to me what he had written to me and that is China's interest in APEC and in a leaders meeting. He said that we still had some arrangements to put together. He was not, he made no reference to the prospect of President Clinton holding or hosting such a meeting this year which of course, as I have indicated to you, remains only something which has been mooted and not decided but gave a positive indication that they would see a leaders' meeting having the prospect of bringing political authority to APEC.

He said that he would see our foreign ministries continuing to discuss the position of Taiwan and Hong Kong though he made the point that he regarded it as natural for countries with an economic interest and economic relations with Taiwan and Hong Kong to see themselves represented in those economies at economic ministerial level.

The conversation then went around to the GATT and their application for membership. I said we supported their application for membership of the GATT; that lower tariffs and transparency in trade would not only help China but would help the rest of us; and it would help them in ways which may not be obvious now but if they were to become a mainstream economy then they have to be in the mainstream world trading bodies and GATT is primary amongst them.

I then - as we then moved towards the tail of the meeting which went for about just a little over an hour - I then said that Australia had maintained its interest in human rights issues and we appreciated them receiving human rights delegations in 1991 and 1992 and because we in Australia believe that this medium of having visits by groups in respect of human rights is a good one to maintain some discussion on this issue. I invited Premier Li Peng to send a delegation to look at these issues in Australia to see how we ourselves operate as a society which I think leaves Australia the option then of continuing a dialogue on human rights in these terms.

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Now, finally, I also invited Premier Li Peng to send a ministerial delegation to Australia leading a group of representatives of their industries to look at opportunities for further collaborative business together in all of the areas - raw materials and most particularly in manufactures and services - and he thanked me for that invitation.

Our meeting concluded with him making light of the fact that we were friendly rivals for the Olympic bids and that China would be making every financial effort to support its bid and I said well these will be decided on the technical merits of the bids and we always think we do well there. He said yes, well out of the sort of, out of the ring I think the word he used, of harder issues, this is something which we can remain friendly rivals on.

J: What was his response on the human rights question?

PM: He appreciated that invitation, I think, which means that they wish to continue that dialogue.

J: Prime Minister, at the beginning of the meeting we did hear him mention a word that our relationship had some misconceptions in the past. What was the weight of those comments?.....

PM: Well, well there was no elaboration of that but I am sure that refers to our attitude to what happened here in 1989. But I think, I mean, the Chinese are players for the long run and they regard I'm sure my visit here as a further episode in the long run relationship with Australia. And of course they welcome that.

J: Is it your view that he will go along with an APEC summit at which Taiwan and Hong Kong are represented. Is that the sense you get at the end of it.

PM: Well he, they have in past allowed Taipei, they've sat at a table with Taiwan and Hong Kong representing as they do economies and the whole question of leaders versus heads of government is that there may be in some way a person who is other than a head of government, that is a leader, maybe an economic minister, could again in some construction sit and represent these economies. But this was a matter he thought our foreign ministries should continue to work on. That is, he I think, takes the view that APEC and any leaders' meeting which is part of it has to be set up properly.

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And this is the point I think I've made to you that this is a matter - the timing of this, in a sense, doesn't matter - providing that we get around to making the best of it. And this may be accelerated in the event that the United States President wished to accelerate it in which case we would have to think about it more. But, again, more naturally it would occur later.

J: Any discussion of regional security and the US presence in the western Pacific?

PM: Not really no, except I said that I thought it was important to keep the United States very much involved in North and South East Asia. To pull both sides of the Pacific together which I thought APEC could do in an economic sense and of course where the economics goes, where the investment and trade goes also does go the United States' other interests - including strategic interests.

J: Did you raise the question of improved sales of Australian wool to China specifically.

PM: No I didn't but I have raised it with Vice-Minister Madam Wu Yi and I said that there may some prospect of Australia developing with China virtually a new segment of the world garment industry. That is, they are a manufacturer of garments but there is not really a world industry of low priced woollen garments and that there may be some prospect of us being able to do that given the fact that we have a substantial stockpile of wool. But again anything Australia does would have to be such as to protect its existing market for wool in China at the prices we currently obtain.

J: Did he endorse the broader regional liberalisation agenda you have been pushing on APEC.

PM: Very much so. I think they see growth in the northern hemisphere, the prospects of it being as we see it the low growth and he made the point since the cold war has finished there has been a lot of difficulty in regional economies and in regions of the world - and he talked about Bosnia Herzegovina and talked about the CIS amongst them and Somalia - as indications of the fact that once the bipolarity of the cold war has sort of been lifted these other tensions and strains had become more apparent.

He also referred, we referred briefly to the changed political situation in Japan and the seeming splits

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within the Liberal Democratic Party as not being a good portent for growth from that economy for the moment. All the more reason therefore why APEC can play a, can give clarity and focus on to growth and trade liberalisation in what is, as he himself described, the fastest growing part of the world.

J: There are reports in Australia of the budget deficit coming in one billion under expectations does this mean that next year's similarly will be targeted at fifteen rather than sixteen billion dollars.

PM: Well, I'm not here to discuss budgetary issues in Australia. The Treasurer made some comments about this some time ago saying that he thought that we would bring next year's budget in somewhere around this year. But I think when he said that our estimates of revenue were less than they are now in reality. So, I don't think that in those terms he was talking about an outcome better than the sixteen billion he originally forecast.

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