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PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING, MP

**LUNCHEON IN HONOUR OF HIS EXCELLENCY, MR PATRICIO AYLWIN
PRESIDENT OF THE REPUBLIC OF CHILE
PARLIAMENT HOUSE - CANBERRA**

Your Excellency, Mrs Aylwin, Ministers and distinguished members of the accompanying party, on behalf of the Government and people of Australia, I extend to you the warmest welcome to Australia.

It is my great pleasure to welcome you, your Excellency, as the first Chilean President to visit Australia. The first, that is, to visit voluntarily, for one of the first two Chileans to arrive in Australia was a former President, General Ramon Freire, who was banished here in 1837 after falling out of favour with the Government of the day.

Not only did you supply us with one of your own leaders of course, you also supplied us with one of ours. For Chile was the birthplace of Australia's first Labor Prime Minister, John Christian Watson.

Prime Minister Watson was born in the Chilean port of Valparaiso, on 9 April 1867 and came to Sydney via New Zealand at the age of 19.

This was a period when the flow of people and ideas - especially ideas of social reform - flowed freely across the Pacific.

And Watson was a reformer.

A person, we are told, of graciousness and charm, which won him the affection and admiration of all who came into contact with him, he was one of the guiding forces in the establishment of the Labor Party at the federal level.

This was an age when people thought of Australia as a working man's paradise - as a social laboratory for the world.

To commemorate this significant historical relationship between our two countries, President Aylwin has generously donated a plaque to the memory of Prime Minister Watson. I am pleased to announce that President Aylwin and I jointly unveiled the plaque in the Members Hall just prior to this luncheon.

The plaque will stand as a perpetual symbol of the historic links and friendship between the Australian and Chilean peoples.

It is noteworthy that a large contingent of business leaders has accompanied you on this visit, Mr President, and I am sure that while in Australia they will take the opportunity to discuss mutual trade and investment opportunities.

In recent years the Australian economy and the culture of business and industry have been dramatically transformed. They are now much more outward looking and increasingly they look towards Asia and the Pacific.

Australian business interest in Chile has expanded substantially over the past decade and is set to grow further as a result of the stable business and investment climate created by your government.

Chile is seen by an increasing number of Australian companies as an attractive investment destination and business centre - as a country with market oriented development strategies, fiscal and monetary stability and openness to foreign trade and investment.

With the importance of mining to the Chilean economy, it is not surprising that our business links to date have been fuelled by the very significant investment which Australian companies have in Chile's mining industry.

One of the largest is in the Escondida copper mine in Chile where BHP has a 57.5 per cent majority shareholding.

Overall, Australia is one of the largest foreign investors in Chile with total investments currently valued at \$704 million.

Trade between Australia and Chile has increased at a rate of 34 per cent over the past decade. Australian exports to Chile have almost doubled in the past three years - up from A\$32 million in 1990 to A\$62 million in 1992.

Chile is now our most important market in Latin America for elaborately transformed manufactures.

To help these ties develop even further, last year Austrade appointed a specialist Trade Commissioner for Mining and Energy. We will shortly appoint a second Trade Commissioner to Santiago.

Mr President, each of our countries is pursuing the objective of greater economic and political engagement with the Asia-Pacific, our own region.

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Australia regards its relationship with the Asia Pacific region as a matter of the highest priority, and I know from our discussion that the Chilean Government is equally keen to improve its economic and institutional linkages in the region.

Today, nearly 60 per cent of Australian exports go to East Asia. Chilean trade statistics show that in 1992, over 31 per cent of Chilean exports went to Asia. Like Australia, Japan is Chile's largest export market.

Both our Governments continue to pursue trade liberalisation policies with a commitment to export driven growth.

Australia is particularly pleased, Mr President, that your government remains steadfast in these policies, despite the domestic pressures for higher protection on agricultural products.

As fellow Cairns Group members we both know only too well that this is the only course to follow, despite there being other governments less willing to take the difficult decisions required in this area.

There is no greater trade priority for Australia than a successful conclusion of the Uruguay Round by the effective deadline of 15 December.

The world stands to gain an immense boost to prosperity and confidence from concluding the Round - and a great blow to the world trading regime if we allow it to slip from our grasp.

I know you share these sentiments, Mr President.

The Cairns Group is, however, but one area in which our two countries co-operate. We also have a long history of co-operation on Antarctic matters.

And today Australia and Chile sign two formal agreements as a further measure of our strengthening bilateral ties. The first, an Extradition Treaty, was signed earlier today by the Attorney-General and the Chilean Foreign Minister. The other, a Memorandum of Understanding on plant protection and quarantine, will be signed later today.

In addition, our officials have recently agreed to explore the potential for closer scientific and technical cooperation.

And I understand that during your visit, Mr President, our officials will be exploring the possibility of negotiating a double tax agreement and an investment protection agreement. We believe that both will facilitate the expansion of commercial links between our countries.

For business links to expand further, however, we will need to improve direct air services between our two countries. These are not as good as they could be, and I know that much work has been undertaken to seek to improve them. The Australian Government will continue to attach a high priority to concluding an air services agreement.

Improved air services between our two countries will not only see business expand, but it will also make family reunion easier than is currently the case.

The 1991 Australian census showed that there are over 24,000 Australian residents who were born in Chile. Around 3,500 of these have been granted refuge from former undemocratic regimes.

In their time here they have been outstanding citizens of Australia.

Some are now seeking to return home, and while we will miss their contribution to Australia, these returnees testify to the democratic principles and stable environment created by the present Chilean government. Of this, Mr President, I believe you can be rightly proud, and it can only further cement the ties between our two countries.

Mr President, may I repeat that we welcome you most warmly to Australia.

We hope that you enjoy our hospitality, and particularly the hospitality of those Australians of Chilean origin who I know welcome your being here.

CANBERRA
6 October 1993