



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J KEATING MP,
AND BRITISH PRIME MINISTER, THE HON JOHN MAJOR, DOORSTOP,
LE MERIDIEN HOTEL, LIMASSOL, THURSDAY, 21 OCTOBER 1993**

E&OE PROOF COPY

JM: The Prime Minister and I have had the opportunity of discussion upstairs. We have been able to range over a whole series of international matters, but predominantly we have concentrated our time on the agenda here at this Heads of Government meeting. I was delighted with what the Prime Minister had to say at the opening ceremony about the necessity for an agreement on the Uruguay round. I took the opportunity this afternoon of re-emphasising that message. What is very striking about the discussions we have got here, we have one third of the nations of the world present at this conference representing one quarter of the worlds population and a very powerful feeling from countries all around the world that it is vitally important we can reach an agreement to the Uruguay round this year. We have a further discussion on it tomorrow and I rather expect that feeling will be taken a good deal further. I won't elaborate on other issues for the moment, I will invite the Prime Minister to say a word or two and then we'll take questions for a few moments.

PJK: I can only add to what the Prime Minister has said, that I myself was struck by the genuine concern by those represented about the GATT and the Uruguay round, the very strong expressions of opinion that came this morning in the first half dozen speeches - the speeches in response to the welcome of President Clerides and then in more formal session this afternoon again, the theme was repeated. So, there is I think, a very clear understanding that there has been a very large transfer of wealth from the developing countries to the developed world via the terms of trade through low commodity prices and that an outcome in the Uruguay round has to be an outcome to serve everybody, not just the developed countries in things such as intellectual property rights and services, but also to give the third world, the developing world, a chance to improve their incomes and get access to bigger markets. So, it is very much a live issue here I am pleased to say.

J: Gentlemen, how much more can you achieve from GATT with just a strongly worded statement out of the Commonwealth, have you Mr Keating suggested that the Prime Minister could push France harder through the EC?

- PJK: I complimented the Prime Minister on the positions that he has taken consistently on the GATT now for some years and again more recently in his urging's which he has made with member states of the European Community. We can't ask any more than that - those of us of the Cairns group, but there is no doubt that the December 15 deadline is not going to be extended by the American Congress; this is a real deadline and I think that there has to be pressure brought upon France in particular, probably including by the industrial members of the French economy as well as though, more generally the world community.
- JM: If I can add something to that. It is a fairly clear choice by the end of this year - either we have an agreement on the Uruguay round and a substantial increase in the volume of world trade that will help every developed and developing country around the world, or we have no agreement and a very real danger of protection, retaliation, collapse in the levels of world trade and a rapid growth of unemployment. I do not think that is putting the situation too starkly - it is as clear cut as that. Faced with that, I think there is no doubt that everyone must make concessions whatever their domestic difficulties with the intention of reaching an agreement.
- J: Prime Minister, Mr Keating, did Dr Mahathir's remarks on GATT reassure you for the possibility of doing a deal with him on the APEC issue?
- PJK: I do not think the two are related. The point is that there is an expansion occurring world wide. The American economy is picking up, early next year we expect the Japanese economy to start to grow again, more solidly and this is the right time in a low inflationary cycle, in a clear upturn after the problems of the late 1980s and early 1990s that we have a chance to really improve the velocity of trade without, as the Prime Minister says, seeing countries fall back into trading blocks or trade tactics which would be pointless with a good outcome of the GATT.
- J: Mr Major, do you agree with Mr Keating that more pressure should be put on France?
- JM: I think more pressure should be put on everyone who hasn't yet found themselves in a position to agree to a conclusion to the Uruguay round. France is often mentioned - France is not the only impediment to be overcome, there are other ones as well. I think it is necessary for every nation to look at what needs to be done and judge what the impact would be if we were unsuccessful. I think right the way across Europe that is well understood.
- J: Prime Minister, that ... common ground amongst everybody who is here, what can you achieve beyond simply restating it? What will you do to push the process forward?
- JM: We have a lengthy discussion on that tomorrow. I think those are matters for discussion tomorrow.

J: Mr Keating, what is your prediction now for the outcome of that round, are you hopeful of success?

PJK: I am still hopeful of success. It has had seven years in the making, there are so many obvious benefits for so many countries in the round and I think that on balance, even those who have expressed difficulties will, on balance, be winners from it and can't believe that in the end they will see it fail as a consequence of intransigence on one point or another.

J: Mr Keating, apart from GATT did you discuss the prospects of Australia becoming a republic?

PJK: No, no, no the Prime Minister and I had a chat about that in London, I think you might remember and we didn't discuss it today. This is an issue in our constitutional life which will take some time to be resolved, but like most national debates of substance they take time.

J: Did you talk about the future of the Commonwealth?

JM: I think when many people look at the Commonwealth, they think it is just bound together loosely with intangible ties. I think that understates what the Commonwealth does and understates it quite dramatically. Many of the principles that we agreed at Harare two years ago are now being put into practice. A number of Commonwealth countries that weren't democracies two years ago are now democracies. The level of trade in the Commonwealth is a very dramatic instance of the close relationship that exists between countries often on different parts of the globe. I think those people who stand back and say well, the Commonwealth may have been of some use years ago, but it is a little out of date now, I believe they are absolutely and totally wrong and I think this conference will prove it.

J: Mr Keating, would you see a republican Australia stay a part of the Commonwealth?

PJK: Entirely and definitely because I think that as the Prime Minister has said, intangible though some of these links may be, it is the intangible quality, the common ground, the common history, in many respects, of course, the common language and the success the Commonwealth has had in such weighty matters as South Africa in just recent times. I think it is very difficult to get a grouping of nations states together today for what ever reason. But to have one with a history like this representing such a large part of the worlds population and production is a unique opportunity to, I think, not only raise matters of international significance, but actually seek to remedy some of them.

JM: Thanks very much indeed.

ends