



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING, MP
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J: Prime Minister, how seriously do you think the French are going to take this delegation the Commonwealth is going to send?

PM: There are a couple of francophone countries in it and I think it is representing all of the Commonwealth Heads of Government and Commonwealth countries, so they are going to have to consider it. It is a measure of the weight of international opinion for a successful conclusion of the Round. I think that all the parties here are going to need to give that little extra bit of ground that it is going to take to get the agreement to bed - it has, after all been seven years in the doing.

J: If this pressure does not work, if this final fling as it were doesn't work, is there anywhere else to go?

PM: I think that we are pursuing our own efforts through the Cairns Group with the United States and also speaking directly to Europe. So, I'd say it is coming at three directions - that is the US themselves, pressure from the United States in collaboration with the UK and Germany; another stream coming through the Cairns Group and perhaps another now with the Commonwealth.

J: Why should cities like London and Washington be included on the mission agenda and cities like Dublin not?

PM: Because I think that the key ones here are probably Paris and Bonn and Washington is there because its part of the negotiation as is Geneva.

J: But they're already on side, I mean London and Washington.

PM: I know, but it is quite a complex negotiation this. There are little bits and pieces in the services packages and the intellectual property rights packages that other people are arguing over.

J: In our terms, what does success and failure mean for Australia?

PM: In round terms it means about \$70 billion to the agricultural commodity producers world wide and we have a substantial piece of that. It is worth about \$200 billion in international terms - the success of the Uruguay Round. It is the most important backdrop that we can have now to all these economies rejoining the world economy - the old Soviet Union, the Commonwealth of Independent States coming back into the world economy for the first time since 1914; India; China; South America to have this great change in the world economy, something which we have not seen in the post-war years - it should be there with a backdrop that covers goods and services and intellectual property and agriculture. Without that, the risk is there will be a slide back into protectionism and back into blocks and it seems that so much has been accomplished there is just that little bit extra to go to get an agreement.

J: Prime Minister Major has talked of world wide slump, world wide growth in unemployment, what is at stake for Australia in those sorts of terms?

PM: I think the world is in a recovery mode after now three years in recession or two and a half years in recession, but there is no doubt that the velocity of trade and the impetus to trade and investment coming from a successful conclusion of the Uruguay Round would be very profound. I think the world is growing again; the US is growing again, Japan is about to turn, Europe is still quite flat, but the Uruguay Round would certainly add some impetus to that.

J: Prime Minister, you wrote a letter to the French Prime Minister, Mr Balladur a few weeks ago, I remember you telling us on the last trip. Did you get a reply from that and what did he say?

PM: Yes, we had a reply, but it was a reply saying that there had to be a balance of interests, it had to be comprehensive and balanced and, of course, comprehension and balance is all in the eye of the beholder.

J: In your discussions last night with the Prime Minister of Malaysia, had you succeeded in bringing him any closer to the way that you are thinking on APEC?

PM: It is not a matter of me succeeding. I had the opportunity to talk to him about what we see as APEC's opportunities and how that in his terms multilateralising US interests in the Pacific and Japanese interests in the Pacific is not only for the interests of the Asia-pacific countries, but Malaysia as well. I think the Prime Minister took the conversation in good spirits and I really enjoyed it.

J: Mr Keating, do you think most Australians really appreciate the importance of the end of the GATT round or understand it?

- PM: It has been in the news for so long now, I don't know whether people just give a gigantic yawn about it, but there is no doubt that this deadline - December 15, is the final deadline in the seven years. This is the end of the US fast track legislation given to President Clinton by the Congress; this is the last legislation they can tie a deal up under. So this is it - December 15 is 54 days away and we have got 54 days to get a major international trade service and agricultural agreement to conclusion.
- J: Can you spell out what it would mean, what failure would mean, to the average Australian?
- PM: What it will mean I think, is that the improvement in our international income from agriculture and potentially from services and goods would over time, substantially constrain Australian incomes from what they would otherwise be if there were a set of background rules. In Australia's terms, we are doing some other things. We are also covering off that contingency by developing APEC, but APEC can be a GATT plus outcome, that is the GATT overlay plus APEC or in some way it can substitute by becoming a freer trade area, but the best result is to get the general international backdrop in, to get GATT concluded.
- J: Would this renewed Commonwealth emphasis on trade, do you see that affecting the future direction of the Commonwealth, how do you see that going?
- PM: No, I thought it was a fairly healthy argument and discussion. That is, that for many years now the Commonwealth has focussed on South Africa and played a quite decisive role in a resolution of the impasse in South Africa and as I suggested today, I hope in a couple of years time we will see a South African democratically elected Head of State here at a Commonwealth conference. But as that issue is abated in Commonwealth terms, the Commonwealth is picking up other issues of interest to member countries and of course, GATT and trade and incomes is an obvious one.
- J: So is the Commonwealth increasing its value to Australia?
- PM: I think the Commonwealth provides the opportunity of being a very large and representative group of countries and were the Commonwealth not to exist how would such a group of countries meet? Why would they meet? And the strength which has been drawn from them just wouldn't be available. We would be left to other fora like the United Nations et cetera. And it has been particularly useful on a number of issues - on South Africa and in a lot of technical issues - in education for young people; an environmental policy and maybe now with a GATT.
- J: But how useful have you found this discussions today in the retreat?

- PM: Useful enough. Today there was a discussion about the mechanics of this - who would represent the Commonwealth and what capitals would be visited and then we had a discussion about Cameroon's entry into membership of the Commonwealth and that took up all of today's discussions, to this time.
- J: What are the human rights concerns about Cameroon at the moment, that the Africans were putting up today?
- PM: There wasn't much put up by way of a constraint upon Cameroon joining, just saying that lets prima facie decide that they should join in two years time provided that in the interim, they continue on the path of improvement in the general conduct of their society starting with, of course, the elections which they have had and where we have seen some multi-party elections et cetera. So, I think it is left on the basis that if there is any broad objection to Cameroon joining in two years time then that may disqualify them.
- J: Prime Minister, on the matter of you meeting with Dr Mahathir, do you think you have now established the basis of a reasonable relationship with him, it has been a bit rocky over the years?
- PM: My discussions with Prime Minister Mahathir were very pleasant indeed. He has arrived at a number of positions on various things of interest to his country, he is thoughtful and I hope he thought that Australia has thoughtful, well worked through positions as well and we had a chance to talk about some of those and I think that was a good opportunity - another reason why the Commonwealth is quite a useful body.
- J: You have got a grand vision for APEC, is it still a concern though that Dr Mahathir is still unconvinced and cautious about APEC?
- PM: I think we would like everybody to be embracing it as enthusiastically as possible, but nevertheless his thoughts are running in the same direction as ours - that is, he is supporting the GATT, he is supporting multi-lateral solutions and he is supporting freer trade.
- J: Has the Government done projections for the effect on growth, the effect on unemployment, the effect on other economic areas for Australia if GATT fails?
- PM: No, no, it is not a matter of GATT failing. If GATT fails then the world will just rattle through without, and I mean rattle through, without a proper and sensible backdrop in trading rules and that would be a great shame and a time when the world economy has the potential to grow so much. Now, the World Bank and the OECD did a study which concluded that international world GDP would be improved by about \$210 billion if the GATT succeeds. Now, of that, commodities represented about \$70 billion and Australia would have a share of that.
- J: But have you done projections on what effect it would have for Australians?

PM: No.

J: If the Uruguay Round actually failed, you have spoken about the world breaking into blocks - where does Australia fit into that scenario?

PM: I don't think we should assume at this stage that it is going to fail or that people would break into blocks. I think there will be a great resistance on the part of many countries not to see the areas they live become exclusive areas, to become blocks, but basically open and free trade areas. Therefore if GATT were to fail not compound the problem by seeing their trading areas become blocks, become exclusive areas of trade. I think there is a lot of understanding about the dangers of this and the best way, of course, is to make the GATT succeed.

J: With Dr Mahathir's continual reticence, does that put extra pressure on this meeting with President Soeharto to try and get support?

PM: No. Everyone doesn't have to agree with everything for things to be valuable and worthwhile.

J: But you do need a significant supporter in ASEAN?

PM: Yes, and that has been so. We have had that to date and that has been appreciated, but we still are at the stage in our ... we are always nevertheless tolerant of other peoples views, even if they don't agree with us on some of these things.

J: Prime Minister, did you try to persuade Dr Mahathir to come to Seattle?

PM: No, I didn't. We were just talking about trade, the Pacific, trading entities, multilateralism and a few things of interest to Australia.

J: You've suggested that APEC turns into an Asia-Pacific economic community, Dr Mahathir didn't sound particularly enthusiastic about that this morning, what is your timetable for that? Do you actually have one?

PM: No, I don't, but I think that it is very likely that at the Heads of Government meeting that the acronym may change from economic co-operation to economic community. APEC first envisaged was like a mini OECD an information sharing, policy focussed organisation. What I think it may become is a device for pro-active liberalisation of trade which is taking it a step further.

J: At this Leaders Summit?

PM: I think so. I think we will get an endorsement of those sorts of directions at this Leaders Summit.

J: Could you say why you didn't raise the Seattle question to Dr Mahathir?

PM: No, no, because I know his view. It is not a matter of me trying to corral him or to pressure him, he is entitled to his view. You can't expect everybody to agree with you on these matters.

J: Are reciprocal visits between you and Dr Mahathir next year now a done deal do you think?

PM: I think so. We haven't arranged any times, but I think that will happen.

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