



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP,
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PM: Well, I will be very brief just to say that I have just concluded a meeting with President Soeharto which went for one and three quarter hours. I am pleased to say that all the time was taken up with matters of substance rather than any statement, any discussion about things obvious, or with any other protocols. It was all about our mutual interests both bilateral and multilateral and of course I will have the opportunity today of meeting other ministers in the government including the Foreign Minister to complete the rounds of discussions and dinner with President Soeharto and Mrs Soeharto this evening.

The purpose of the visit is a working visit virtually one full business day stopover from the Commonwealth Heads of Government Meeting in Cyprus and it is I think an opportunity for me and I think also the President and other Ministers too recount the progress we have made since I visited here eighteen months ago. And anyway I regard it as a good opportunity and one certainly to be taken up.

J: Did the President give you any indication he will attend the APEC Leaders Meeting?

PM: Well, we had a long discussion about APEC, about what it means to the region, and the value it holds for countries like Indonesia and Australia and the importance of the Leaders Meeting in Seattle. One I think important thing about APEC is that it has been a principal to principal matter. That is APEC has developed in to this stage and certainly the last eighteen months on a principal to principal basis its not been developed by Foreign Ministries its been developed by Principals and therefore the instincts of leaders in this becomes particularly important because there is no road map for APEC it's all new ground. And therefore it relies upon the instinct of the players about how it goes and where it goes. That's why the Seattle meeting will be important, its not just a routine meeting one which is going to put the sort of gloss upon the work which is done in the ministerial meeting. The ministerial meeting will be important but the

Leaders Meeting will be, I think, supremely important and therefore the modalities of the meeting and its conclusions will be important now and you asked me about President Soeharto's attitude to hosting a meeting in 1994, much of that depends upon the attitude of the leaders at the Seattle summit. So I don't think any of us are seeking to make any assumptions about those things but to take this meeting on for what it is and that is a substantial opportunity to clear our collective minds about the development of what's going to be a very significant grouping of countries and an open regional grouping of countries.

J: Does President Soeharto indicate that he doesn't want to fast track APEC?

PM: No, the thing is what his view is as my view has been, that is he has tested out peoples opinions, you try and get a feel of the issues and as things change you move it forward. Now you know the conventional wisdom for instance not so long ago that China wouldn't this meeting that conventional wisdom has proven to be untrue as I believed it would be untrue. China having attended puts a different construction again on parts of the meeting in terms of its comprehension. So one absorbs the various changes, takes them into account and then tries to move the agenda on and in that sense we are all taking notice of the changes which occur along the road in the development of APEC. And understanding that there has to be each particular block go into place for it to develop and that certainly is President Soeharto's view but it is most definitely my view.

J: Did you discuss your hopes for APEC to become a community?

PM: Well, that is the very essence of it, it's not a matter of my hopes versus his or what he thinks, that's the essence of it. It's a community of open regionalism. The thing it is not a bloc to the extent that a bloc is regarded as an exclusive economic zone or an exclusive economic region this does not have exclusivity about it, it's an open regional structure as you have heard me say so often it is hopefully a GATT plus structure so we have the GATT into place then we overlay APEC across the top of it, but of course obviously were GATT to fail APEC would then have an even more obvious advantage in the sense that you are bringing together the two largest economies in the world with China and with all of the countries of South East Asia and putting them into a multi-lateral structure. I mean any structure which multi-lateralises the interests of the United States and multi-lateralises the interests of the product in Japan and as a bonus China, in structure with the rest of South East Asia is of course a huge advance in the removal of impediments to an increase in the velocity of trade and investment and that's what APEC should be seen to be about. I mean journalists all too often try and see it as a bloc here and a bloc there, it is all simple stuff black and white. It's not that, it's not. This is not win and lose; this is win and win. I mean this is a structure which has a lot sophistication about it and therefore those of us who are trying to put this together understand what it holds. But also understands what each member country or State will want to secure from it.

- J: Prime Minister, are you still as confident now as you were in Cyprus that APEC will take the first step of becoming an economic community at the meeting in Seattle?
- PM: That is what I was just asked, that is what I've just answered.
- J: But, are you as confident now as you were then?
- PM: Well, of course I am that is the whole essence of it. Developing APEC beyond an information sharing thing where it started, a sort of mini OECD, to something that has some executive functions about it. That is, something which is looking at the development of an open, co-operative regional trading zone or structure - that is the essence of the change. This is a very big change, but that is the essence of it. That question was appropriate nine months, or a year ago, even eighteen months ago.
- J: Can I ask you about GATT, following your success in getting the Commonwealth to issue such a strong declaration, given President Soeharto's position as head of the non-aligned movement are you hoping for a similar sort of statement from him about GATT?
- PM: Well, the President and I had quite a discussion this morning about the GATT believing it to be supremely important, believing that the countries of the south will genuinely secure a lot of market access from GATT. As I said at CHOGM about \$/0 billion worth of value to developing countries, particularly agricultural producers coming from the GATT which is equal to more than the bi-lateral aid which comes from developed countries to developing countries now. So, there is a huge benefit in there and I think the significance of Indonesia in not just its size, but the fact that President Soeharto is chairman of the non-aligned movement will not be lost on any of the APEC attendees in terms of anything the President might say about a world trading order and the importance of the GATT.
- J: Prime Minister, how important do you think it will be in furthering the pace of change of APEC in having Indonesia as the chair?
- PM: What matters to APEC is the decisions that the Heads of Governments take and leaders take in Seattle. There are two logical points from here - there is the ministerial meeting and its important work; there is the consideration of the Eminent Persons Group report and then there is the leaders meeting and its conclusions. They are the next logical steps in the development of APEC.
- J: So there is no doubt in your mind then, that President Soeharto will attend?
- PM: No, I expect President Soeharto to be there and I think that he will do as he has always done competently and well and that is not just represent his own country's interest, but countries with similar interests to Indonesia.

J: A few months ago you spoke about APEC becoming a community - how do you describe the difference between an APEC Community and the only model known to most people - the European Community?

PM: The European Community has a formal treaty structure and it already has open borders and no tariffs between them. This is not true of this area of the world. What I think APEC portends is half the worlds GDP being allowed to move more freely between member states so that by taking away impediments to trade and investment and harmonising standards, we can actually pick up the velocity of trade and investment in this part of the world - which is already going quite quickly and the fact that the United States is interested in this and in fact NAFTA would become, if you like, a sub-group of APEC as Mexico or Canada trade with the United States into the region. These things too will mean that not only is the velocity of trade in north and south Asia picked up, but you end up with, of course, north America involved as well. So, it becomes a very significant promoter of faster development and faster growth.

J: Prime Minister, in your assessment, is President Soeharto in step with you over APEC, does he share your grand vision or is he a little bit more cautious?

PM: Right the way through this ... I mean from its earliest stages in the development, I first tested these views with President Bush in Australia in January 1992 and then after that in a series of meetings with the Prime Minister of Japan, the President of South Korea, but before then of course though, after President Bush next was President Soeharto. So, in a way there has been a recognition - as we've gone through these discussions of the potential which APEC holds and each time I found on the part of President Soeharto, clarity of thought, recognition of opportunities and a willingness to go the next step. I found that exactly the same today.

J: What is Australia's expectation when Indonesia chairs APEC group next year?

PM: I answered that earlier. There has to be decisions taken by the leaders themselves about where they want to see any regulatory or formality arising in APEC and so both the President and I see an obvious sequential thing here - a sequencing which is both important in terms of underlying where as a group the leaders want to see it going and giving everybody the opportunity to be able to put a view about how it should go. APEC has come a long way in a relatively short time mainly because process has been observed, processed matters getting the steps well and truly discussed and into place before the next step is taken.

J: Prime Minister, did you say anything on human rights concerns?

PM: No, the only thing I said to the President was that there is concern in the United States about this subject and the United States in proposing membership of APEC and the way in which it is, is prepared to be subjected to the disciplines of a multi-lateral structure. In other words it is giving something, it is giving something to the common good. In some

way it is curbing its capacity for uni-lateral or bi-lateral solutions to its problems and if it curbs its capacity and gives something way towards a greater good, it will expect something in return and that is true of every country that belongs to APEC. There are American concerns about some of these things, as there have been Australian concerns expressed often and I hope effectively. I think these expressions are not lost on Indonesia, he understands the value of membership of a multi-lateral body like this and I think it is because of that sense of co-operation which Australia has had with Indonesia, which the US is having with Indonesia which encourages a more co-operative attitude within Indonesia. And this is part of the point many of us have made over the past - a policy of non-engagement, one that does not look at the totality of interests or relationships is not an effective policy.

J: Australia and Indonesia have moved closer together in defence relations in recent years. Did you discuss defence and if so what was the topic?

PM: One of the things I am very happy about in the development of our bi-lateral relations in the last eighteen months is the fact that we have stepped up defence co-operation quite substantially and there are joint exercises which have been completed in terms of ground forces and there are going to be other joint exercises with the other forces as well in the near future. So, we will see from the most spare defence co-operation which we have had in the last eighteen months or so a very substantial shift in a co-operative relationship in defence going to those four structures and this will also spill over into other things such as training intelligence et cetera.

J: Is there any concern that Australian journalists are still denied access to Indonesia?

PM: I thought that the ABC was here and I think the Sydney Morning Herald is here.

J: A Sydney Morning Herald journalist was deported a couple of months ago.

PM: They Sydney Morning Herald (Fairfax) is here in an institutional sense and the ABC is here and our other commercial networks are able to be here, I don't think the story, the general line you're putting has force.

J: Was the issue of nuclear co-operation between Australia and Indonesia discussed?

PM: No, it wasn't mentioned.

J: One more question on the APEC discussions, did you discuss ways in which Malaysia might be brought into the process more - the APEC process?

PM: The President and I are both conscious of Malaysia's views about APEC and its fear that in being part of such a multi-lateral structure will be subjected to pressures that it might not otherwise. For my part, I put the

view to the President, as I did to Prime Minister Mahathir that uni-lateral action by major countries against Malaysia or anyone is far more threatening and disruptive as is bi-lateral relationships - that is, bilateral trading deals where smaller countries are given offers they can't refuse by larger countries, is far more constraining and less likely to take the interests of those countries into account than the disciplines of a multi-lateral structure are. That is the essential point of difference we have with the Prime Minister of Malaysia in terms of the analysis of APEC. But again, countries have got the right to make their own attitudes about these things and I think for my part we have put our view about the benefits to Malaysia of APEC and I think these have probably well been put within ASEAN. I think both President Soeharto and I are sensitive to Prime Minister Mahathir's views and Malaysia's interest. It is just that certainly I think, and I would be surprised if the President doesn't think this, that a multi-lateral structure multi-lateralising the interests of the United States and Japan vis a vis those of Malaysia are far better for Malaysia than bi-lateral structures or worse, unilateral action so the thesis that Malaysia will be buffeted more in a multi-lateral structure I don't think stands up to argument.

J: Prime Minister, did President Soeharto give you any indication as to whether he would take any initiative to add to the pressure to get a Uruguay Round conclusion by December or would it stay apart of this process?

PM: I think Indonesia has played a role and I think the non-aligned movement have played a role and he has played a role as chairman of that in expressing their views about a successful conclusion of the GATT. So, Indonesia is doing that itself as a nation, it is doing it as chair of the non-aligned movement and I think the President would also see the leaders meeting in Seattle as another opportunity for an expression by the leaders about the need for a world trade overlay. A successful ending of the GATT being the best way that all countries can make a contribution to world trade and growth and a growth in incomes and employment world wide. Thank you.

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