



## PRIME MINISTER

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**TRANSCRIPT OF INTERVIEW WITH THE PRIME MINISTER, THE HON P J KEATING, M.P. - CNN - WORLD BUSINESS TONIGHT  
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- J: Mr Prime Minister, APEC is being asked by the Eminent Person's Group to convert into what it calls a true Asia-Pacific Economic Community. Is this kind of a economic repudiation of Europe that is turning inward these days?
- PM: I don't think so, it's just that the great preponderance of United States trade is in the Pacific already. \$300 billion of U.S. trade is in the Pacific and \$200 billion is in the Atlantic. The \$200 billion is growing slowly and the \$300 billion is growing quite rapidly. And there is the possibility of increasing the velocity of trade and investment. And APEC is about that. It's about open regionalism. It's not a block and it's certainly not a Treaty of Rome arrangement.
- J: Would you want to see it become a block though?
- PM: No, I think that the benefits really are in the opening up and in doing things which some of the Asia-Pacific economies don't quite have. That is, for investors being able to litigate their property rights; being able to litigate equity issues; to standardise products; to standardise professional standards; to establish funds management arrangements - all the things that many countries in the area don't have. So that's what APEC's about. It's about, how do we improve the whole trading and investment climate of the Asia-Pacific? How do we make a good thing better?
- J: Australia so often likes to say it's part of Asia. You're not really, you're on the edge of the Pacific. Why do you want to be part of Asia?
- PM: We don't. We are not an Asian country but we are part of Asia. And three quarters of our exports go to the APEC area, already. See, one of the things about APEC which I think isn't quite understood is that it's even more integrated than

NAFTA or the European Community. It trades with itself in a more concentrated way than those two areas. 66% of APEC's trade is from member countries. The same figure is 61% for Europe and about 42% for NAFTA. So this is already a highly integrated area and Australia has very large trading arrangements with Japan, with Korea, with other countries in the area. So, we're a natural for it. But we say the U.S. is too because so much of its potential growth will be linked to the Pacific.

J: Would Australia be more acceptable to Asia than it is now if you broke ties with the British Monarchy?

PM: I don't know about more acceptable but we'd be more as we are. That is, Australia is now a multicultural country, we would be representing ourselves more as we are rather than as some derivative which still has as a Head of State the Queen of Great Britain. The person who should be the Head of State of Australia should be an Australian person.

J: Do you intend to step up your proposed timetable, particularly as a result of winning the Olympics? For the year 2000 - I think you've talked about the year 2000.

PM: Well, the Olympics are on in October or November of the year 2000 and it is the centenary of Federation in January in the year 2001 so there's only three months of difference and in speaking about one, ipso facto we're speaking about the other.

J: Do you think you'll be able to pull this off?

PM: Well, I think so. I think there's a good debate running in Australia now, about this. And I think seven years gives us plenty of time to consider all the issues and make such a change.

J: Tell me a little about the state of the Australian economy. You're having an extremely, stubbornly slow recovery. What is it going to take to get your economy really growing?

PM: Oh, it's not that slow. We're growing as fast as the United States or faster. We're growing at around 3% at the moment and we've been doing that - growing between 2% and 3% - for the last 18 months. We've got inflation at around 2%, we've got exports booming, we've got a very big pick-up in consumer sentiment. So all the signs are there. But, of course, what we won't have is the silly lending of the eighties. The same thing you won't have now. We're going to have a recovery which is non-inflationary, firmly based, no crazy credit growth - but

focusing on innovative products, elaborately transformed goods and services - and a very large part of it going to Asia.

J: One final question. How are you going to reduce Australia's dependence on overseas capital?

PM: Well, by lifting our domestic savings, the same thing you're doing here. The same thing the President is doing. That is, we are pulling the public sector back to a very modest deficit in a couple of years time. And we've also encouraged a national pension scheme. We have now, at this stage, got every employee in the country contributing 5% of their income to long term pension arrangements. This will become 10% over time, over the next few years, half dozen years. This will put an enormous stock of savings into Australia. It's one of the ways we think we can grow faster without growing our current account deficit.

J: Thank you very much. Paul Keating, Prime Minister of Australia.

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