



PRIME MINISTER

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**TRANSCRIPT OF INTERVIEW WITH THE PRIME MINISTER, THE HON. P J KEATING, M.P., - SEATTLE, U.S.A.
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PM: This morning I had meetings with Prime Minister Chaun of Thailand, President Jiang Zemin of China and President Kim Young Sam of Korea. Another very useful development of APEC, that one has the capacity to have bilateral discussions. At each of those meetings we were able to discuss APEC, what it means, its development and also bilateral issues between us. There are, of course, as you know many bilateral issues and I was able to discuss developments in the Australian economy; developments between Australia and its economy and China; the growth of trade last year of 40 %, the progress we are making in trade talks recently, the progress we are making on wool for instance; as well as talking about APEC, the prospects for this meeting, its future and its institutional structure.

In my discussion with President Kim Young Sam we ranged over those issues again - that is, the APEC peculiar issues, as well as Australia's support for South Korea's position with North Korea over nuclear weapons. And he also asked me about our likely support of Korea for a place in the UN Security Council, representing Asia. It was a useful and interesting morning.

J: Did you get any sense from the Chinese President of how they are going to respond to President Clinton's entreaties on human rights?

PM: No, no I met President Jiang Zemin before President Clinton would have met him and I also indicated - because I don't think it is as well understood outside of the United States or outside of countries like Australia as here - there is some still body of opinion in the United States that says they shouldn't tie their hands in a multilateral structure, that they should maintain the right to do things unilaterally and bilaterally; also a great dichotomy of view often between the Presidency, the President, and the Congress. And I think that our Chinese friends need to take

that into account. That this is not a monolithic debate in the United States, and getting a United States President interested in trade in the Pacific and looking Westward doesn't mean the whole monolith goes with him. But those of us who are interested in securing US support for developments in the Asia Pacific area have to also encourage the Congress and other elements of the administration as well. So, I took the opportunity to give him these views which may have been useful ahead of him meeting the President.

J: But from China's point of view they have got a massive trade surplus with the US, in one way the status quo suits them just finely doesn't it?

PM: Well these economies are going to grow so rapidly, their infrastructure demands, their energy demands, their environmental problems are going to be so profound, that unless they get the institutional arrangements in place to see this sort of development, they are not going to grow as fast as they otherwise would. They would then experience the same kind of trade pressures with the United States which Japan is experiencing. So you've got to let the United States be able to trade in the area to see its exports rise.

And this is the point President Clinton continually makes about growth and jobs in the United States for the export growth which has the potential of reaching in the Asia Pacific area. In other words, the US has got to be allowed to freely exercise its commercial possibilities in the area so that it is not living with very large trade imbalances against it. Now, that is why getting these structures right and thinking about them ahead of time is important.

J: Are you disappointed that the Ministerial Statement didn't embrace the 1996 J:PCJ target on free trade, agreement on free trade? And if I could ask one more thing, the Chinese Foreign Minister in answer to questions about that meeting specifically rejected the idea of a name change to community or any sense of a community?

PM: Well let me deal with the second one first. I've said to you often there is no road map with APEC, we have got to explain it as we go along. There is a concern that the word community implies a Brussels-type supra-national structure. Now, it doesn't. None of us are thinking about a European community Brussels-type bureaucracy which makes national decisions, or supra-national decisions, or decisions for Nation's. APEC is a much looser, co-operative structure than that, and it won't have those formal arrangements. So the word community doesn't have the same connotation as European community.

But again, the main thing is, as I said to you yesterday, that the member states here adopt the work programs and go on positively with the main substantial work

of APEC. Some at the moment seem to be more worried about the form than the substance. When you get down to substance they have no worries. When you talk about the form they seem to have worries. Well, OK, let's focus on substance, the form will look after itself.

J: And the question about the LPG and the 1996 date?

PM: Well, again, this is another point. You see, we don't envisage that APEC should be displacing the GATT for trade liberalising things. We see the GATT as having primacy in global terms, in terms of goods, services, intellectual property rights etc. But what GATT can't do is basically get into things like trade facilitation, that is encouraging the development of a better legal background in countries for investment, better protection for property, the rights to litigate on equity issues, customs procedures, company law standardisation, standardisation of professional standards, standardisation of food standards, standardisation of electrical and telecommunication standards, these are not GATT things. But, these are very important things to this region. They are one of the things that will help, for instance, trade from all of us into the area.

So it's a case of showing what GATT can do and what APEC can do so that the trade facilitation, I've always said to you, the trade facilitation agenda will be up the front and the trade liberalising agenda will follow. But because, I think, countries of the area see the trade possibilities they are already doing it. It was like the tariff changes in Australia. We announced the tariff cuts in 1988, by 1989 companies were already looking to adjust for the end points, even though they were years away. In the same way Indonesia, this year for instance, is now introducing a very large package of deregulation and border protection reforms. If we keep on the trade facilitation and if we focus on what we can all do together, I think the trade liberalisation will come along as well as through the GATT, not only through the GATT, but by unilateral decisions which countries will take to open up their markets.

J: Are you happy with the message that is now being sent through to GATT from APEC?

PM: Well I think so, and you may have seen today's release, if you have it, the commitments which the various APEC countries have been prepared to put their name to, which have been negotiated in Geneva under the auspices of the GATT. Now, in Australian terms they are off a 1989 base, and, of course, after then we introduced the tariff changes of 1988 to 1991 and then the tariff changes of 1991 to 1996. So we are in the happy position of being able to comply with all of these commitments without, in fact, changing the policy we already have in place.

J: Does it involve any concessions on our part?

PM: Not beyond that which we have announced years ago.

J: One of the things you want to come out of this conference is to make them a regular event, a regular summit, do you think from the talks you have had so far here that it is likely to come off?

PM: I think so. I think that it's likely that tomorrow it may be proposed that there be another meeting again next year. And I think that is likely to succeed.

J: Who will propose that?

PM: I don't know. This is another thing, that the dynamics of the Leaders' meeting is going to be quite important, because it is not pre-cooked or scripted. Therefore it is likely to have an impetus, in fact, some of the leaders are stronger on this than their foreign ministries are. And this is why, I think, it will be important to see how the chemistry of the meeting runs itself.

J: Would that be in Jakarta?

PM: Well, next year is in Jakarta. The next ministerial meeting is in Jakarta. But, again, there would need to be a consensus for it. I think in the event that there's a consensus I'd be pretty surprised if President Suharto wouldn't issue an invitation but there would need to be a consensus.

J: Given what you've said about the meeting tomorrow, do you hope the Leaders' meeting can push forward in the areas that the Ministers' meeting met resistance?

PM: In what areas?

J: The name change, the EPG, things like that.

PM: Well, again, the main thing is to keep broadening the understanding of what APEC is and what it can do. And to then summon the consensus for that and move on. In other words, you gather up a bit more each time and then you move along. This has come a long way from nothing, in four years. When I first started talking about giving APEC more authority with Leaders' meetings was when I met George Bush in January 1992. This is the end of 1993, it's only two years and you've got half the world's leadership.

J: Were you happy about the recognition of Australia's pivotal role in setting up APEC, through Bill Clinton's acknowledgement of Bob Hawke, today?

PM: Oh yes. I think Australia is very clearly identified with authorship of APEC as a grouping. It's all now a matter about what it is and how deep it is. And the APEC we're talking about now is more than just an information secretariat. It's something which is looking at these trade facilitating things and just by summoning the leaders to it naturally gives it more attention - national attention and more focus in all of these national bureaucracies and, of course, in their communities. So APEC will, therefore, be very much stronger as a result of this change.

J: Is it correct that teams like the ten working groups ...inaudible ... have actually done a lot of work in identifying trade barriers, other tariff barriers and so on.. the work's there, there's a stack of books this thick. And it was up to this meeting, thought to be up to this meeting to actually give it the policy impetus to make decisions on how to actually lower or eliminate those sort of barriers and in fact, it seems as though that impetus is not there.

PM: No, no. That's not right. This meeting never envisaged adopting wholesale the whole trade liberalising agenda. The meeting does not have enough of a history as an executive group, I think, in this time, to contemplate that sort of wholesale adoption. In other words, no-one is considering - notwithstanding the fact that one can easily collate where tariff or other non-tariff barriers might be - no-one is believing that this meeting is going to be, in fact, adopting an executive role which then says, "Oh yes, we'll tick these binding changes to national economics' borders." That's not what is envisaged here.

But what is envisaged here is to give APEC more authority, that is, to make clear that the leaders' want it to have a role doing things more than simply exchanging information and, in the first instance, to look at these trade facilitation programs. Which I think it can do. And it will do those things but, I think, on trade liberalisation everyone will sit back and see where the GATT goes. Now, if the GATT succeeds and there's a great change in the GATT and there's a lot of liberalising people then say, "Well, what else can we do". And in a year or two, a few years after that, I think we can follow it up.

J: You've said that you're going to invite President Clinton to Australia on this trip. When will you issue this invitation?

PM: Well, obviously I'll be seeing him a number of times over this weekend and in the event, of course, that the meeting were to decide that there would be another

meeting in the Southern Hemisphere - in Indonesia - I would say, "Well, look, if you're there, come and see us." Whether he can... a President's schedule is always fully booked so whether you can just issue an invitation and expect to get an acceptance is a different matter. But, I'll certainly ask him.

J: ...inaudible... Christopher indicated there could be some sort of developments on the Korean Peninsula. In your discussions with the South Korean President today, did he indicate anything happening in that regard? Some sort of breakthrough or some behind the scenes development?

PM: No, I think their preoccupation seems to be with nuclear issues in the North and continuing world support for their position. That is, pressure on North Korea to open themselves up for IAEA inspections and to keep pressure on them so as to see them not get to the reprocessing business. But now, no doubt there is a lot of bilateral business between Korea and the United States but they'll announce all of that in their own good time. And it's their business.

J: Mr Keating, there's been a bit of controversy in Australia over the agreement you made with, apparently, with Mr Black, on Fairfax. How can we be sure that, in future media decisions that your Government has to make, that you won't make a similar agreement or deal with, say, the Pay TV contracts?

PM: It's not a matter of making similar... Look, there's no group more self-interested than the Fairfax journalists in the affairs of Fairfax. The only rivals are the ABC and the affairs of the ABC. Outside of these two very articulate and self-interested groupings, the rest of us are bystanders to the general media debate. I was asked yesterday about Mr Black and our decision to increase his holdings to 25%. Obviously, no government is going to give such an agreement to a proprietor who behaves in a partisan way, or immaturity. And the last election was a reasonable test of how the new management - proprietorship and management - would behave in that environment. And that's the sum total of it. Beyond that, Mr Black has not formally put any proposals to the Government so therefore, there's nothing to consider.

J: So, will you be applying that same criteria to future, potential media owners in Australia? Particularly with Pay TV?

PM: No. Because, well, Pay TV is not the principal broadsheets of the country. But, obviously, I don't think anyone in Australia should welcome heavy handed proprietorship. I remember the whole of the Fairfax employees talking about the rights to write and have printed that which they believe and not have proprietorial intervention. And it was at that same point that I was making.

J: On the subject of proprietorial intervention, you put a bit of a bucket on the British tabloids the other day when sitting right next to you was Rupert Murdoch. Did he say to you afterwards anything about the Lizard of Oz?

PM: No, of course it took me a while to make the link between the Sun and him. His newspaper empire is so extensive that one needs to have an encyclopedic memory to remember all the titles.

J: Just on Fairfax, Mr Keating, who made the judgement about whether they were balanced or not. Was it you alone or was it other ministers as well?

PM: Oh look, I don't think I need to take that debate any further. I mean, Mr Black made the point that it was very hard to manage the newspaper with 14.9% of the stock and it's a pretty reasonable point to make. We've given him 25% and 25% is nowhere near a commanding position in terms of the equity but it gives him the authority to manage it.

PM: Do you think, for instance, that a Liberal Prime Minister might make a different judgement of balance as a Labor Prime Minister?

PM: I shouldn't think so. I mean, I don't think it's an unreasonable thing to require of a newspaper that it be balanced.

J: Were you pleased with the way Conrad Black thrust your discussions into the public domain?

PM: I was absolutely delighted.

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