



## **PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER THE HON P J KEATING MP  
SOUTH PACIFIC FORUM  
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**PM:** Thank you for your introductory remarks. I think the first thing I would like to say is that we've had an excellent day of informal discussions at the Leaders' Retreat. This is a day without officials, so that it's not as if there is the distraction of, if you like, documentation and notes et cetera in the course of presentations and discussions. Rather, an informal discussion where the leaders can sit down and discuss problems and review the progress of the region. Now, we had a long discussion this morning about economic growth rates in the region, about per capita GDP growth rates relative to other similar regions in the world, looking at ways in which we might improve our economic performance, looking at some of the inhibitions to that economic growth and deciding that in some areas we ought to focus again on the theme of the conference which is resource management, or how to manage resources better. So, we had quite a lengthy discussion about fisheries, airlines, forestry, tourism et cetera. And also - I'll come back to those in a moment - also, we agreed to re-appoint the Secretary-General, Ieremia Tabai, and to decide that the Forum next year will be held in Papua New Guinea, and the year after that in the Marshall Islands, and the following year, in the Cook Islands. So, I think that the forum has produced some substantial outcomes and let me just go to them.

In fisheries, leaders have agreed on the merits of a multi-lateral approach to negotiating access to their exclusive economic zones on the basis that they can better and adequately improve the terms by negotiating on a multi-lateral basis, and where we believe existing bilateral arrangements are adequate, they can be maintained in a multi-lateral context. This, I think, would be a substantial departure from the nature of bilateral arrangements between Pacific Island countries for the exploitation of their economic zones with some of the major fish-consuming nations, and that the aim would be to lift income in the area for what is one of the largest fishery regions, and fisheries, of the world. So, we've agreed to agree on the merits to a multi-lateral approach and we'll be using our, we believe we need to

strengthen our forum fisheries agency capacity so it can ensure more effective national control and management of the region's fisheries. So, that of course will ensue in the next year.

On airlines, there was general agreement about the need to deal with airline losses and the combined airline losses of the Pacific area now equate to the aid which is being provided by both Australia and New Zealand, which means there's a very large drain on the net income of Pacific Island countries. So, we agreed to look at the airline losses to examine the option for a rationalisation of air services among Forum island countries, perhaps on a sub-regional basis. That is, on a basis where air route and air route management would be in zones that made sense in terms of reach, access, service, price etc. Taking into account, of course, the needs of sub-economic clients, that is, the needs of some distant island countries where the service will be perpetually sub-economic.

On forests, leaders have agreed to take further steps to prevent unsustainable rates of logging and to ensure a reasonable return to land owners and governments. During the afternoon, Prime Minister Hilly and I made a separate statement and some important commitments which will assist Solomon Islands to manage its forests more sustainably. And, as a consequence of that, leaders strongly expressed a strong concern about the exploitation of tropical forests in the region and welcomed the recent initiatives by Vanuatu and the Solomon Islands to halt the spread of unsustainable logging practices - including the introduction of independent monitoring systems and an agreement on the need to secure better and adequate returns for the exploitation of this resource for national income purposes. The forum also endorsed the undertaking of leaders to the Melanesian spearhead group to examine uniform legislation procedures and practices in forest resources - and there, Australia - and I think New Zealand - have offered assistance where that may be valuable.

We also had a discussion about the contribution which tourism can make to the economies of the region and noted, in particular, the need to protect the region's fragile coastal zones so that, again, with some focus on the need to maintain coastal zones and also to try and adopt better coastal zone management practices wherever it's possible, for some assistance to be provided there. The recent report by the Australian Resource Assessment Commission has led to a number of conclusions and recommendations, which may have application to the Pacific Island states, and the Government of Australia has provided a booklet which is a guide to where these sorts of services might best be assisted in Australia, or from Australia, but with a renewed emphasis on the need to preserve attractive coastal zone regions. I think it was in that vein that Prime Minister Hilly made his announcement about the Marovo Lagoon, which is, of course, one of the most attractive regions of the whole Pacific. And, I

think it bodes well for the understanding which leaders have, of the need to protect important parts of the environment.

So, could I just sum up by saying that I think it's been a very productive day. Coming to conclusions about such things as fisheries, the need to lift national income from them, airlines, the need to reduce the call on national budgets, forestry - the need to, again, lift national income and take steps to prevent unsustainable rates of logging - was, I think, a very good and important outcome of the meeting. And, of course, we will go into formal session tomorrow.

- J:** Prime Minister, Chris Hammer from SBS television, this new fishing arrangement, could that be described in any way as a cartel arrangement?
- P:** No. I think that it is important for wealthy nations like Japan and South Korea to understand that they can't secure valuable resources at sub-economic rates of return. And, what the existing arrangements have shown is there has been a considerable exploitation of Pacific Island countries, under-reporting of captures, insufficient monitoring - the multilateral nature is not simply for any negotiation. But, rather, also to look at fish stocks, the prospects for aquaculture in addition to fish stocks and, also, better monitoring and better reporting so that these small states can get a better return from their valuable, and one of their few, natural resources.
- J:** Mr Keating, Ian McPhredran from the Canberra Times. I'm wondering if you expect any sort of a backlash from Malaysia on the issue of environmental, combating environmental piracy, and will you be raising that matter with Dr Mahatir or President Suharto in the future?
- P:** I haven't mentioned Malaysia but I've just said that I think the important thing is, that, again, Pacific Island companies are not exploited by unscrupulous companies who then, not only pay inadequate rates of return but also carry out logging practices which would not be tolerated in a developed forestry culture. Now, I think that, an understanding by wealthier countries who use these resources and who exploit them, of the smaller countries, is important. And, whether, at the moment, of course, many of these companies are Malaysian companies and Korean companies and also some Indonesian companies. But, whoever the companies belong to, I think that they should be encouraged to be good corporate citizens, to not see an opportunity for exploitation arise and then take it to the full. At any rate, the national governments involved here are concerned about rates of exploitation and modalities of forestry and are obviously taking remedial steps to change it.
- J:** Kalinga Seneviratne from IPS Newsagency.

**PM:** Where are you from?

**J:** IPS Newsagency. Australia has been very strong on asking the Pacific Island nations to restrict logging because of its environmental impact. Now, also, now some of the foreign countries are going to be wiped out from the map in a couple of generations because of the greenhouse emissions and rising sea levels. As the Chairman of the Forum and also as Australia is one of the major users and supporters of coal, for example, would you, Australia, be willing to take the initiative at this Forum to offer restricting mining and export of coal and if not, would Australia also be willing to consider opening up the borders for environmental refugees from the South Pacific?

**PM:** Well, I don't, that's a very broad question. Let me tell you this though, that Australia's interest in this matter is not so much protection against global warming. That is, the implication of your question is that the forestry, Australia's moves on forestry, are self interested ones which go to the international environment in which it lives. Well, this is not so. I mean, that is a natural interest, but the predominant interest is seeing a sustainable rate of exploitation of forests in the Pacific Island countries, because at the current rate of exploitation these reserves are going to go. But, not only are they going to go, but in the doing of it the exposure to high rainfall of the resulting terrain will mean that a lot of the topsoil will end up in coastal waters and in lagoons and in reefs, and affect the fishing stocks as well. I think that Australia's interest in this is to see that: a. that there is a sustainable basis for a logging; b. that the environmental despoilation is one which is contained and manageable, and c. that national incomes are rising. We are not doing this because of what one may see as some threat to Australia in global environment terms. Now, the subject of our greenhouse gas emissions and water levels is a subject way beyond the capacity for me to detail at a press conference like this and involves, of course, commitments by other countries and the whole progress of international climate change conventions and the commitment to those conventions by the major developed countries.

**J:** Craig Skehan, from AAP. To what extent do you accept that corruption by some Islands' officials and politicians has been a large contributing factor to unsustainable agreements in resource areas such as forestry. Was that discussed today at the retreat and, what measures could be taken at the regional level to deal with corrupt practices in resource areas?

**PM:** Well it was discussed today, but I couldn't say to what extent. That is a cause of the rates of exploitation and modes of exploitation on now. I think a lot of it is, perhaps a lack of comprehensive understanding of the impacts of the agreement of logging licenses and exploitation rates, which may seem feasible at the early stages of the exploitation of a forest, but then seem more worrying later. I think that's what has

happened now, and given the fact that at least two of the island states have now taken action to introduce moratoriums on further exploitation in certain regions and articulated a willingness to renegotiate licences, I think gives an indication that whatever is the reason for the permissible exploitation as to date, that's now being reviewed. In the case of Papua New Guinea, of course, Papua New Guinea is a much larger country with a much deeper resource base and a multi faceted resource base and has much more of a capacity therefore to be able to make judgements or professionally manage the development of resources and to deal with the more predatory behaviour of particular resource exploitation companies.

**J:** Victor del Rio from Eco Television in Latin America. Mr Keating, about three months ago I attended a conference in which they were inviting mining companies, Australian mining companies to invest in Latin America, and during the conference they said that Latin America was surprised because of the few restrictions that the .....environment using another task force. Is Australia willing to put some kind of code of ethics to the Australian companies, when they are investing in regions like Latin America to stop this practice of using the ... in Latin America?

**PM:** Well, I am not aware of where one may say Australian companies have, as a class of investors, exploited regions. They will certainly exploit mineral and other opportunities in various parts of the world, but, I should hope their international corporate citizenship and their regard for the interest of other countries and their communities is as high as their regard in Australia. That's not to say that any realm of commerce unfettered, and certainly unfettered by commitments of a company to best practice in, particularly in resource exploitation, won't be important. So at this stage, I don't think we have seen the case for Australia needing to say to its corporations that there should be a code of conduct under which they observe, but I don't think you'll find an example of an Australian company that's involved in the wholesale exploitation on an unsustainable basis and despoilation that causes concern in this context. Now, I mean, I'm sure all companies around the world can be better corporate citizens and you can take environmental concerns to the nth degree. It's all a matter of what the proponents are prepared to do, what the licensing authority wishes, and in that case it's mostly national governments, what their concerns are. By and large, I think it's fair to say, Australian companies will take heed of concerns expressed by national authorities about particularly large extracting developments. I mean, I wouldn't think, in fact I know of no Australian company, certainly a major one, involved in wholesale exploitation and under reporting of income, and that's one of the problems here.

- J:** Janice .. from Radio New Zealand. Mr Keating, the decisions on the airlines today, will this, do you expect closure of some national flag carrying airlines?
- PM:** Well, I think it means that there is a willingness on the part of the leaders to think about ways in which, I mean, let me put it this way, what they are interested in is air services, not airline ownership necessarily. They are interested in the provision of air services and air services at an effective and efficient pricing. Now, whether that can be done, by, if you like, Pacific sub-regional carriers who service a region of the Pacific including those places which will always remain sub-economic, or whether in fact this will need to be carried on National budgets, is a moot point. That's the point that needs to be, that will be examined. I mean, I think what may arise, is that, sub-Pacific carriers could service a region and even so in some areas it will be completely commercial, in others it will be sub-economic, but not requiring the subsidies of the magnitude they require now. So it is that willingness to look at multi-lateral, multi-lateral regional solutions, and the drain on budgets which, I think, is causing leaders to consider such an outcome, such an approach.
- J:** Richard Breeze from AFP. Very simple question, you mentioned that the combined losses of these airlines equalled the aid given by Australia and New Zealand. Would you care to point out an Australian dollar figure on that?
- PM:** Its around about \$100 million or thereabouts. That is the combined operating losses of the eleven airlines, which is around about, a bit over \$108 million dollars.
- J:** Mr Keating, Sid Marr, Brisbane Courier Mail. How would the fishing contracts, the new multi-lateral fishing contracts be policed?
- PM:** Well, already the Forum Fisheries Agency has the capacity for some monitoring facilities and as you know that one of the reasons why Australia has developed a Pacific patrol boat program is for policing of maritime areas and maritime boundaries. But again, one of the things that the review can address is how there can be better monitoring and policing, and of course, with better income, all this becomes more possible. I mean the fact is, I think many countries are not receiving adequate returns and therefore, of course, diminish any on budget costs for surveillance et cetera, a more mature structure allows for that, and I think that's the point.
- J:** I'm Gladis Nofkin from the National (inaudible) Mr Keating, the FLNKS delegation to the Forum were, yesterday, prevented from attending the opening. Is there any reason why, and also what is the Forum stand on the FLNKS issue push for self determination?

- PM:** Well, that's not being discussed today, I can only say that, well, the reason they did not attend is because they are not members, that's the reason, and, but again, there is a close, a relatively close association between Forum members and that organisation, and of course, that will be seen tonight, at tonight's dinner which is being held, and which Forum representatives will be attending.
- J:** Mr Keating, Susie Grey from Fiji National Video Centre. I was just wondering if our Prime Minister, Mr Rabuka, spoke to you about SPARTECA. Is there any possibility of Australia following New Zealand's example of a 5% reduction in rules of origin.
- PM:** No, I haven't had a discussion with the Prime Minister on this occasion. I did at the last Forum, I think there has been some talk between our countries over the course of the last year, and there was I think, some fear in Fiji that Australia was going to, if you like, toughen the conditions under SPARTECA of rules of origin. That is not so, but nor have we made them more concessional. I mean rules of origin exist for a purpose. If goods are being made in terms of the rules in Fiji there is not a problem in Australia.
- J:** Mr Keating, do you have anything to say on Mr Downer's comments today on Aboriginal health and your government's record on that issue?
- PM:** Well, I'll just say this about Mr Downer, the thing is that, the Liberal party has again, the Liberal party of Australia, the conservative party of Australia has again demonstrated that it has no philosophy for office. It has no policy virtually on Australia's identity. It claims to support the constitutional monarchy, it then says it's irrelevant and to be ignored. It seeks to deny justice to indigenous Australians by saying it would overturn the historic Mabo agreement. It's not for Alexander Downer to say what Aboriginal people hold dear, and like most indigenous communities in the Pacific the spiritual link between Aboriginal people and Islander people and the land is a profound one, and the right to their traditional way of life and happiness is tied up in their access to land. It is not simply about health and education. These are functional issues which are dealt with under functional appropriations from the Commonwealth either through ATSIC or directly. A reliance on health and education by Mr Downer is simply an obfuscation for a policy to try and remove the opportunity for indigenous Australians to have access to land via Mabo. And, it means that Mr Downer is being run by the worst elements of conservative Australia and they, amongst other places reside in a very generous measure, of course, in the state of Western Australia. Shame on him, shame on him for contemplating it. So much for Mr Downer's fresh start.

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