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PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
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PM: Well, since I saw you last I have had meetings with Prime Minister Chuan and lunch with President Clinton and a meeting this afternoon with President Soeharto. So, I would be quite happy to take any questions from you.

J: Let's start with President Clinton ...

PM: We had a lunch, we reaffirmed our country's strong support for the APEC commitment. The President was very complimentary about our role in our APEC and I was of his decision last year to hold the Leaders meeting. And we have acknowledged both the central role that President Soeharto has played in getting the communique together and negotiating it to this point. We agreed on the importance of developing an action plan for free trade, that is the importance of deciding when next we meet how we then start giving effect to some of the content and decision taken in Bogor. We also agree on the importance of APEC Leaders continuing to meet regularly. The President thought it was a tremendously good thing that the Asia-Pacific was meeting at Leaders level and that you can see just from one day how many countries and just how many leaders can meet one another so effectively and quickly and efficiently. We shared other views on the region including Japan, Korea and China. Then we had an interesting and amiable discussion about domestic political issues and developments in both countries. I'm not sure the Liberal Party of Australia would have been terribly pleased with my contribution, but it certainly amused the President. And, he had a few things to say about his opponents as well.

So, that was the sort of general discussion. I think that the President, I made this point to him that the likelihood of an American President being in

Indonesia for the development of a free trade agreement, free trade declaration across the most developed and developing countries is so novel as to indicate very clearly that the United States obviously sees a large part of its future in Asia.

J: Mr Keating, can you give us a sense of how you feel less than 24 hours away from an agreement ...

PM: I think that for a start this issue has been well and truly debated now over the year. Each of us have got a stake in it. I have spoken to various Leaders. President Soeharto has, I think, put together a very cogent, well worded, thoughtful communique and it has got the hard decisions in it and he stuck to it. I think this has been a very big factor and will be a big factor in its success - the strength and determination which he has committed to it. One gets the sense that gradually peoples fears are being assuaged. That is, those who believe they have ... I mean, there has been quite a bit of gnashing of teeth with it because it is quite a decision of such moment. This is not just verbiage, this is not just some sort of communique, some piece of empty rhetoric, there is a whole lot of decisions being taken here and when the weight comes on, people do start thinking what consequences it has for them and that is why, I think, that there has been on the part of some countries some real concerns. But, gradually, I think, they're concerns are being settled and the communique is looking stronger.

J: Would you say it is fair to characterise this as possibly the most important process that you have been involved in?

PM: Certainly the most important I have ever been involved with. Because this is the birth of a free trade agreement, of a community of countries coming together to introduce and support the benefits of free trade and it gives Australia, as I have said before, a seat at the largest table it has ever been at. So, one can't be other than struck by the sense of occasion.

J: How do you explain the significance of it though to ordinary Australians who can see something happening very far away?

PM: It will matter to Australians in terms of jobs, of opportunities, of the fact that Australian products and services will be more freely traded in the Asia-Pacific, it will mean interesting jobs for many Australians and younger Australians in particular, it will mean mobility that my generation didn't have, it will mean all those things. It will mean Australia has got a stake in a very large market that it has never had a stake in before.

J: Do you expect to see a Leaders meeting in Japan next year as a result of your meeting with Clinton ...

- PM: I think so. I think there is now fairly clear support gathering for a succession of meetings and the next of course would be in Japan. But still, this is for the Leaders to discuss tomorrow, but just from the informal expressions I am getting I think we will probably see this becoming if not permanent a semi-permanent feature of the landscape.
- J: Do you see APEC as being a process for, if you like, a reform of US foreign policy in this area moving away from the hubs and spokes involved in ... five or six years ago in the multi-lateral ...
- PM: I think so. I think as the cold war has evaporated and the American Presidency is less about control of a strategic force and more about regional dispute settlement of the kind you have seen in Central America and the Caribbean in the Middle East, North Korea et cetera I think we will find the expression of American foreign policy perhaps more and more in trade. Therefore, it is, I think, a very bold step for President Clinton to imagine a free and open Asia-Pacific in which America takes part and trying to turn that sense of imagination into a reality.
- J: Prime Minister, after your discussion with Mr Clinton today has he come further around to the view that you have had on the relationship between human rights questions and development in trade?
- PM: I think we have a concurrence of view about this, but we didn't discuss it at lunch. But, let me say I couldn't be happier with the nature of the discussion I had with him. It was relaxed, it was informal, it was one which not unreasonably was one between countries which are very friendly and who have a common set of objectives here. But, can I also say, I have just recently finished a meeting with President Soeharto and that was the most relaxed, informal meeting I have had with him and the President is, I think, feeling good about this meeting and, I think, he is entitled to feel good about it.
- J: Prime Minister, on Friday you said you were just looking for perhaps a political commitment from the APEC members to an organisation program. Do you have more detail than that?
- PM: The words in the communique are fairly hard words. They are not aims and endeavours, they are hard words. I mean, this is being approached by the APEC leadership as a set of executive decisions that chart a course which will then have to be facilitated. So, this, if you like, this communique is like the Cabinet decision, it will then have to be fleshed out and that will happen probably over the next couple of years.

J: Prime Minister, on your talks with the Thai Prime Minister, is Thailand still intending to boycott defence sales coming through?

PM: I had a most amiable discussion with Prime Minister Chuan and I told him how delighted we had been with not just the work his government has done in the course of its charter for Thailand, but coming at a time when it has been the first democratically elected government likely to be running its term is a very encouraging development and I said while we had had concerns about the ... certainly more in the past than at present, this support for groups in Cambodia he said that it was his government's express policy not to nurture, support or give succour to the Khmer Rouge, certainly in a way suggested by ourselves and others and that he would bring to book and to account any officer who was engaged in such activities. So, he expressed, I think, a very firm view on the part of the government of Thailand against any material support in this way and again we agreed together that the best way, of course, consolidating Cambodia under a democratic regime was for the government of Cambodia to perform to the expectations of the Cambodian community.

J: Mr Keating, how close is the draft communique to the Eminent Persons recommendations?

PM: I'd have to go back and try to thread them across one to the other. The Eminent Persons Group was there, I think, to run a debate amongst the government trade economic forces of each particular country, to focus on these questions and to try to develop some sort of coherent consensus of view. But, it was never, ever intended to be the draft, if you like, of any such communique. This was always left to the Leaders. So, it has helped flesh out opinion within the community of the Asia-Pacific, but it in no way substituted for the Leaders own work, but it has been a very useful adjunct to that work.

J: Prime Minister, do you have any plans to meet with Dr Mahathir?

PM: I met him today and I have since done a press conference about that.

J: So, can I just go back to that question about the rifle sales to Thailand, did you talk about that, did you get any information about that?

PM: No, he said that apparently some parliamentarians in Australia had made some reference to rifles, were Thailand to buy rifles from Australian being passed across to other forces and I told him this wasn't the view of the government and that we didn't put any weight on that view at all.

J: Did he then say that he would lift any restrictions on possible sales ...

PM: There are no restrictions to lift I don't believe.

J: Do you expect sales will go ahead successfully?

PM: I don't know, but who knows. I mean, all the world tenders for these sorts of things.

J: What is President Clinton's assessment of the recent mid-term congressional elections?

PM: I think his views were very ably expressed in his Georgetown speech, I mean more comprehensively than he expressed them today and I think it is obviously leading to some rethinking of his political positioning in the United States, but again some of the more what one may say intuitive views he put, I think, were put in the context of a private meeting.

J: What were his views for example on getting the GATT through the Congress?

PM: We didn't discuss it. I think he would think, as I do, that getting the GATT through was central to the US's role in the world in terms of the international trading community. So, it just never arose as any point of discussion.

J: Australia's exports to all APEC countries are growing, but ASEAN interregional trade is growing faster than that, so Australia is losing market share. Does that concern you, have you brought up that with any of the ASEAN leaders that you have met?

PM: I don't quite understand the question, just put it again.

J: Interregional ASEAN trade is growing extremely fast, cutting Australia's market access.

PM: Inter-ASEAN trade.

J: Yes, does that concern you, have you brought that up with any of the ASEAN leaders.

PM: Well, they have got a free trade agreement. They have got an agreement called AFTA and one would hope that that would have the effect of speeding up intra-ASEAN trade. We trade with ASEAN countries on a bilateral basis and also we trade into the Asia-Pacific more broadly and as you know, there is a very lively debate now between us about whether Australia and New Zealand should join AFTA. This would be a good

development I think, but it would seem to me fairly normal that Intra-ASEAN trade is growing given the fact that they have a policy there to make it grow. Are we upset about that? No more than they would be upset about CER between Australia and New Zealand.

J: That would be concern though, if you are losing market share?

PM: It is not a concern that is keeping me awake at night I can tell you.

J: Prime Minister, can you tell us a bit about your discussions with President Soeharto ...

PM: He was in a very good frame of mind, I think, and feeling that he is gradually winning the day on his communique and, I think, appreciated the role Australia has played in backing him in because I told him and I told you we would stick with him absolutely in this communique. So, to say relations have never been better is to understate, I would say.

J: You spoke with President Clinton about an action plan for free trade to be discussed ... does that mean that basically you have only got to nail down a couple of details tomorrow ...

PM: No, tomorrow's meeting will decide amongst other things where we meet next and what we do. Now, what we do obviously will be to start to think about some of the machinery to give effect to what we are now deciding and that is what I meant by that remark.

J: Mr Keating, you said President Soeharto is gradually winning the day - who is yet to be won over?

PM: I think we are at the point where there are few to be won over. But, again, I'm not about making the winning over of people harder by making them the focus of attention.

J: Mr Keating, can you comment a little more on how much comfort China has in getting WTO membership ...

PM: Well, the fact that the communique explicitly says that all members of APEC should be members of the WTO and the US signs on to that means that there is a point of principle where the US is saying that China should be part of the World Trade Organisation. Now, there is a negotiation still to be had and for any of us joining these bodies there are commitments to be given, obligations to be met for benefits to be gained. But, in principle, I think this is a very strong piece of paper for China and they understand that perfectly well.

J: ... the Chinese were saying at their press conferences that they still want a bit more comfort on the way the free trade agenda is implemented ...

PM: They will be raising some of these things with the President, but it will be all in the wash tomorrow when you get the communique.

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