



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P.J. KEATING MP
INTERVIEW WITH GRAEME DOBELL, ABC 'AM', 16 NOVEMBER 1994
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ANNOUNCER: According to Mr Keating, the Asia Pacific free trade agreement, announced in Indonesia last night, will change the way that Australians live, and it marks the start of what he's calling, the "Pacific Century". The Malaysians, however, are again trying to rain on the Prime Minister's parade by pointing out that the free trade timetable is non-binding. The 18 APEC leaders have set out a timetable to slash tariffs by 2010 or 2020 at the latest. And they have agreed to meet again in Japan next year to finalise the details. Last night, after the Bogor signing, Paul Keating spoke to "AM's" Graeme Dobell.

DOBELL: Prime Minister, why for Australians do you think, perhaps a sense of triumph, perhaps some sense of euphoria?

KEATING: Yes, I think this is genuinely an occasion for some euphoria. Australia, for all of its history, has been largely by itself, had this question of imperial preference. Many years ago, in its earlier trade relationship with Britain, that was mostly about British products coming to Australia at its height. Largely, we've been trading by ourselves, on our own, making bilateral relations or relationships. This is a multilateral structure. This is the first time that Australia has ever belonged to a community of countries where it would enjoy the opportunity of trade without tariff and non-tariff barriers. So this puts us at a permanent seat at the largest table we've ever sat at.

DOBELL: How would you say to Australians that they might live differently or work differently under this free trade agreement?

KEATING: I think it means, for a start, more jobs, more wealth, more interesting jobs, greater frequency of arrangements and visits, etc to the region. It will change the way in which Australia, not only does business, but the way it lives. This is one of the big changes in the post-War world. And what is particularly unusual about it is - most things, like the European Union, are with countries that are largely of equivalent development. This is so different because you've got the big economies, like the United States and Japan, in with developing economies, like Indonesia, and probably later Vietnam, Papua New Guinea.....

DOBELL: On that point, can a state, like the United States, have free trade with its economic foes - with China, with Japan?

KEATING: That's the enormity of the change. I mean, the President of the United States knows what he's committing himself to. It's a competent country. It knows what the draft means, and the draft is very explicit about free trade. And the Chinese know what it means. So this is why, I think, the agreement is so breathtaking.

DOBELL: How much store do you put by the standstill, by this commitment to actually not making any more protection increases? How important is that to you as a starting point?

KEATING: I think that's important, but bear in mind this. I'm quite sure that the Uruguay Round, the GATT - the General Agreement on Tariffs and Trade, as important as that is, I don't think would have happened without the APEC meeting having met in Seattle last year. I think when the Europeans saw APEC coming together, they said, what have we got to do here to sign up, lest there's a preferential bloc developed in the Asia Pacific. Now that didn't happen, but the people involved with APEC were committed to the Uruguay Round, we reaffirmed it again today - the early ratification of the Uruguay Round. So you don't do those things and then start increasing protection again. So that's why the standstill is no worse. No increases in protection has, I think, credibility.

DOBELL: You've had a couple of meetings over this in the last day and a half with Dr Mahathir. You talk about commitments. You say that these commitments are stronger perhaps than GATT or the G-7. He says that they're not binding. How far apart are those positions?

KEATING: That's for him to make his judgment about - that's for him to say where his country stands. But all of us have got to make judgments about this factor - the countries with lower protection develop faster, and the reason they do is they generally attract more investment. You can put your hand up and say, we're not going to reduce protection. I think investors say, therefore, the propensity of us to invest in you will be less - therefore, you will grow less. We've all got that choice. But the choice of the people at this meeting today was to commit themselves to a very explicit set of undertakings, like from the text I'll read to you now. These words, "we further agree to announce our commitment to complete the achievement of the goal of free trade in the Asia Pacific no later than 2020". The operative words there, "we further agree to complete". This is an executive decision.

DOBELL: So APEC moves on from a consensus to some sort of executive body now? Some sort of leaders' executive Cabinet-type sort of approach?

KEATING: This is like a Cabinet decision, but a Cabinet decision of Prime Ministers and Presidents. That's, in fact, what it is, and that will then be fleshed out at the next meeting of the APEC leaders in Osaka in Japan in 1995. So it is, I think, a very enthusiastic support for this today, and you can feel the moment of the meeting. People knew that they were doing something because you have got to go back a long way to find the equivalent of this. Maybe it was with the Bretton Woods agreements after the War, maybe it was with the IMF and the World Bank - that's the last time you had a very large agreement across more than one region. That was nearly 50 years ago.

DOBELL: Finally, you said that this was the most important thing you've been involved with. What would you say to the Australians listening to this about why you think it matters to them?

KEATING: I've spent a decade of my life with my colleagues, opening Australia up, making it more competitive, introducing the culture of productivity, seeing a shift to manufactures, a shift to exports. But we needed the mechanisms - we are running into very high levels of trade protection, both tariff and non-tariff barriers around various parts of the Asia Pacific. Sixty per cent of our exports go to this region, so we just had to prepare the structures in Asia for ourselves, and contribute to the preparation of those structures. So I see it as very much as an extension of my work through the '80s to not only make Australia an international place, but to give it international opportunities. I don't think any of us could have believed we could

have got this together in two-and-a-half years. And the fact that other leaders saw the opportunity and seized it - that sense of opportunity. You see, the Cold War bound so many countries together - in a sense, fear of the other camp. With that gone, this has just come from a spirit of cooperation. This speaks volumes, I think, about the future of human history in this part of the world.

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