



## **PRIME MINISTER**

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP  
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PM: Today's meeting of the APEC Leaders, the adoption of the Declaration and the Action Agenda showed that APEC could deliver, and that the very firm and visionary commitment taken at Bogor in Indonesia a year ago, under the Chairmanship of President Soeharto - those firm objectives of free trade in the Asia-Pacific by 2010 for industrialised countries, and 2020 for developing countries - those commitments were reinforced here today in those two statements. It's an outstanding result, it's one that keeps the strength of the Bogor commitment reflected now in the action plans, and in the Action Agenda, and will give President Ramos - at the meetings in The Philippines - the opportunity to then put flesh on the bones of those commitments towards the individual action plans. So, it's taking the prospect of shaping the growth of the Asia-Pacific by closer integration of economies, giving it so much more definition more rapidly, I think, than almost anyone could have expected just a couple of years ago. In Australia's terms, of course, we will have from this the benefit off an outstanding result in terms of additional growth and jobs, and closer integration with the neighbours in the region.

The other thing I think which is significant about it, is that not only has the Declaration and the Action Agenda here at Osaka provided the means to get to the Bogor objectives, but more than that, it's delivered a down payment on that aim of very significant proportions. And we have seen today a couple of very significant trade packages - liberalisation packages announced, one by Japan, and one by Indonesia for instance -and putting a big advance down on the Uruguay Round, is something I think the APEC leaders feel very proud of. This, after all, was attempted at the

Halifax G7, and didn't go anywhere, but it has gone more than somewhere here.

The other thing I would say is there is a tremendous attitude on the part of APEC leaders. And that is that they meet as leaders, and there is now a great amount of trust and a good relationship between them. And the thing that marks APEC out from other trade liberalising bodies, is that it has decided the end points. In the Uruguay Round, and the WTO, there were never any end points decided. It has decided the end points, and therefore APEC has agreed that there will be a process beginning now which will then move towards those end points which are agreed. So it has the Leaders Meeting to drive the process, the authority of the leaders, and the ambition of the leaders to drive the process where, of course, in the GATT and the Uruguay Round it was invariably Trade Ministers or sometimes Foreign Ministers, and you could never get the authority there that you get from Heads of Government or Heads of State. So, it's getting that impetus, and it's got by these regular annual meetings - everyone gets to know one another, there is a great deal of trust and goodwill towards each other, and that political authority is then being brought to a process which has already fixed end dates. So, this makes the APEC process completely different to any other.

There was some additional things said today, and that is that...a couple of other proposals. For instance, on behalf of Australia, I put down a proposal to develop a working group on food security. This will be one of the problems as we see the Asia-Pacific area grow - potential shortages of foodstuffs, and what that dimension might be, and what strategies that might be put in place. There was a discussion about macro-economic issues as well. But by and large, I think the model we have chosen - that is, from the start, the end point understood, and then a voluntary approach - concerted liberalisation to get down to the end points - is a mature process, it's one which relies upon the goodwill of the leaders themselves and their own voluntary commitment to the end points, and one that I think - judging by the size of the packages announced today - is going to get us there, and get us there very adequately.

I would like to take the opportunity on this occasion also to thank a number of people. I would like to thank Prime Minister Murayama, who has done a first class job of bringing the stewardship of the APEC agenda here at Osaka to this point, supported as he has been by MITI Minister Hashimoto, and Foreign Minister Kono - they were both significant in this. I would like to also thank my own Australian Ministerial colleagues, Bob McMullan and Gareth Evans, and I would like to particularly thank the officials we have had working on this throughout - Peter Grey, our senior Official, Mike Costello and all the other Department of Foreign Affairs and

Trade Officials, Allan Gyngell in my own office, Michael Thawley in PM&C and David Ritchie also in that Department, as well as other Departments. I would also like to thank the members of the Pacific Business Forum, particularly Imelda Roche and Phillip Brass, and Neville Wran who, of course, was the Australian person on the Eminent Persons Group. It's been a very big effort now, really from 1992, to get this to this point, and getting that clarity at Bogor, and then moving it along to here, has required a lot of political, ministerial and bureaucratic effort over the course of the year, but the product is there, I think, for all to see, and the Osaka Action Agenda is a very high quality piece of policy making.

J: Prime Minister, was there any...(inaudible)...in the meeting from the end points?

PM: None whatsoever.

J: Do you have reason to believe that Malaysia will work very hard to fulfil its commitment to a free and open economy by the year 2020?

PM: I have no reason, from anything Prime Minister Mahathir said today to believe other than his commitment to the Declaration, and to the Action Agenda.

J: Prime Minister, how much pressure do your declarations today put on the rest of the world to free up trade, particularly at the WTO talks?

PM: Well, APEC already represents over half the world's GDP. From memory, I think in a decade's time we are forecasting that to be around 60-odd percent of world GDP. It's obviously, this very strong political commitment today, and the definition of the commitment, means I think APEC is the only body in the world now holding up the prospect of general trade liberalisation. And this must put pressure, over time, on Europeans in particular, to match some of this.

J: Prime Minister, could you just tell us what importance you attach, and how you rank, the Chinese initiative today on tariffs?

PM: I think that there is a general...I made this point in the meeting today about the GATT processes and APEC. At the GATT, the negotiators turn up and they say "we have got four cards", and someone says "well, have you only got four, or perhaps five? And if you really squeeze us, six?" But of course, there is still four cards in their pocket. What has happened at APEC, is we are saying we are putting ten cards down by 2010 and 2020, and we are going to lay the cards out on a timeframe, on a process of concerted liberalisation. And the Chinese package, the Indonesian

package, the Japanese package are steps along the way of the individual action plans that will get the ten cards laid. So again, it gets back to the point I made earlier about the end points being defined. If the end points are defined, the road to the end points becomes more obvious, and therefore, national Governments can work on individual plans to get there, you know, looking at the needs of their economy, their commitments under APEC and generally, the need to resource the area. The great challenge, I think, for those of us who live in this part of the world, is resourcing the growth needs of East Asia. And as these economies get to a bigger base, when they were smaller growing by 8-10% - phenomenal as that growth is - of a small base, the resourcing requirements are manageable. But when the bases start to get big, and you are still getting large increments to growth, the resourcing requirements then become mammoth - massive - so it means the impediments need to be cleared away to get an appropriate free movement of resources. And of course, more efficient supply side economies to be able to deliver them. The prospect of continuing growth in - I think, particularly in East Asia - means that the supply response in the United States will be strong. Already, exports to East Asia and the United States are growing at twice the rate of East Asian exports from East Asia to the United States, and we will see the same sort of supply response from a lot of the economies in the region as they complement one another towards a better level of general resourcing to keep growth going.

And with that growth will come income growth, and the more even the income growth, the better will be the cohesion of communities, the better will be the degree of harmony between economies, and of course, that is essentially the core thing that we are trying to do here - integrate our economies, have higher standards of living, better jobs, higher quality employment, and more of it.

J: Prime Minister, what does this mean to Australian exporters on the one hand, and consumers on the other?

PM: I think it means - for Australian exporters - more opportunities, and I think that means, for consumers, in the ends more jobs, more growth, and by integration obviously more variety, and hence more interesting jobs. This has a direct impact on the prosperity of all of our economies, and it's why it has always needed that sort of political horse-power to break it through. And that's what I think you are seeing confirmed again today.

J: Two questions if I may Prime Minister - first, you said the end points are known, but can I ask you what you understand by free trade and investment - does it mean zero tariffs, and zero non-tariff barriers by the

target years? That's the first question, and the second one is it's obviously difficult to compare these initial offers, but do you think there is a sort of rough or broad comparability in what's been put on the table so far?

PM: Well, it's got - if you read the Action Agenda, you will find in it very clear statements about the process, and about comparability. It says - on page four - each APEC economy will begin to develop its action plans immediately, after the Osaka Leaders' Meeting. Action plans will contain specific and concrete details with time frames for the near to medium term, while outlining the basic directions of 2010 and 2020. Each APEC economy will submit its action plan to the 1996 meeting, overall implementation will begin as of January 1997, and then it talks about transparency, and the mutuality of effort, and the process of review. And it deals with the review question very directly. Under transparency, it says each APEC economy will ensure transparency of its respective laws, regulation and ministry procedures which reflect the flow of goods, etc. APEC economies under non-discrimination will endeavour to apply the principle of non-discrimination between and among them in the processes of liberalisation. Some of that sentence is code for the status of China and MFN with the United States, but the commitment amongst the others is very clearly will apply the principles of non-discrimination between them. On comparability, APEC economies will endeavour to ensure the overall comparability of their trade and investment liberalisation facilitation, take into account the general level of liberalisation - that's amongst the others - and facilitation already achieved by each APEC economy. It should be WTO consistent, and comprehensive.

So, you know, in the language of international declarations and communiques, you don't get it much more solid than that. And I think that's why...I mean, as a veteran of umpteen OECD, IMF meetings, World Bank meetings - particularly in and out of the GATT Round over the years - this is almost strange language, it's so direct.

J: ...(inaudible)...

PM: Well, I think what we are seeking to do is to open the barriers, and to facilitate trade and to facilitate investment. A lot of investment facilitation, of course, will get back to things like national investment policies, opportunities for people to invest in particular projects, in particular industries - these sorts of issues. So there is no actual definition of what free means, in that sense, but we know what it means in terms of the commitment. That is, so that we can freely invest in one another's economies, and make it work.

On tariffs, there has been no discussion amongst members about whether free means zero tariffs, or 5% or 10%. If you look at Indonesia's package today, it's talking about every tariff above 20% gets to 20% by a certain time, everything between 20 and 0% goes to 10%, and then by another date, everything above 20% now ends up at 10%. So, you know, once you are down to those sorts of levels of tariff protection, you're not - I mean, the daily exchange rate fluctuation is worth more than the 5% tariff. So I don't think there is any point about zeroes or fives, but there is a lot of point about forties, and sixties, and hundred and twenties, and two hundred and forties.

J: Prime Minister, according to Japanese officials, the issue of security was raised at - regional security - was raised at this mornings discussions. Could you give us some idea of the points that were discussed, and how that related to APEC's particular mission?

PM: I can't recall it being raised, other than that, obviously, if you take the leadership of the countries that are represented here, who now meet regularly, they obviously get to know one another on a personal basis, and I think that's meaning that we are starting to see things...we are starting to see a lot of movement. For instance, President Jiang Zemin visited Korea recently, we are seeing so much more movement between APEC leaders - or leaders of the countries in the APEC are - and I would like to think that part of that is the fact that they have got to know each other quite well at APEC meetings. And there is a real enjoyment amongst the leaders about seeing one another again, and sharing each others company.

J: Prime Minister, at a number of bi-lateral meetings that you had with leaders yesterday, you expressed concern about President Clinton not coming here. Do you believe that he should have come, despite his problems back home?

PM: Well, it is a very ideological matter for the United States, and a political matter to decide what the shape of American public policy is, and how the Budget is, and I can understand the weight and gravity of that. But I was disappointed, of course, that the President wasn't here, and there has been some discussion about the fact that - on the Republican side - there was a view that this was the weekend to bring this matter to a head. Well, the point I would make is whether that is true or not, the United States as a country has had to deal with its domestic problems at the expense of the President's attendance here, and that I think is a disappointing development. That said, the President made certain that he was in touch with the APEC leaders - of course, Prime Minister Murayama, and he had the Vice President attend in his place. And Vice President Gore made

very firm commitments on the part of the United States in the meeting today, saying - that is, expressing - the commitment of the United States to its continued engagement with East Asia, of its continuing commitments to APEC, and I am quite sure - given those assurances - that we will see the President's attendance at the meeting in the Philippines next year, when we get onto the individual action plans. But one thing is clear, I think, from today's meeting - from here on out, APEC has reached its sort of critical mass, and gone solid, and it will only solidify further after Subic Bay next year, and the commitment of the United States President - through his Vice President - is, I think, was an assuring contribution to the meeting.

J: Prime Minister, have you had a chance to discuss with the other leaders here your proposal for a panel to talk about security in a post-nuclear world?

PM: I raised it with Prime Minister Murayama. That is, Australia was involved in the Chemical Weapons Convention, wherein we removed one whole category of weapons. And if we can remove a category of weapons and given that the....I think it would be generally agreed that the verification on chemical weapons would be more difficult than nuclear weapons, it is possible - obviously - to get the stockpiles down, and remove nuclear weapons. Now, of course, this would involve a complex discussion about deterrents and deterrents policy during the wind-down, but there are now 50,000 nuclear warheads out there. And I think there is a view amongst the nuclear states that there is the group of them who have these weapons, and there are the rest of the nations who do not. That's of course, not as it will be. There will be a much larger group that will have the weapons. It won't be just the handful of nuclear states now - it will be a much larger group. So, the choice is between the handful, and the great mass of countries that don't have them, but between them are a much greater number of countries who have nuclear weapons. So Australia has thought this is the opportunity to actually - given the concern about French testing in the Pacific, and Chinese testing - to actually go beyond the Comprehensive Test Ban Treaty, and the cut-off convention, to actually start taking the inventories down. And I raised this with Prime Minister Murayama yesterday, and received a fairly positive response from him.

J: Prime Minister, who would you see being involved in that task force, and how do you see it operating?

PM: Australia is putting together a group of prominent International people who have had an experience in arms control issues in defence policy, in international geo-politics, and at some point, will be announcing that

group, and charging them - tasking them - with the job of starting to put a bit of a map down for us about which way we might tackle the problems.

J: ...(inaudible)...

PM: No.

J: Prime Minister, if I could just follow up something which my colleague there asked - about comparability, and also really about free trade. I can, you have talked a lot about these end points, but obviously we are all intrigued as to how eighteen economies in APEC actually share the same goal? I mean, the great free trader, which is China, can hardly share the same destination as the United States at this point. But anyway, my question is a question of comparability - you have singled out Indonesia for praise for this detailed and ambitious plan it has identified today - how does this compare with, for instance, what the United States has put out? And, as far as I am aware - and correct me if I am wrong - there has been no indication that the United States is going beyond any commitment, or concession, it has already made under GATT. Now, how do these two things compare?

PM: Well, these are commitments freely entered. And Bogor was...a commitment was made by the President of the United States, and in these documents, the commitment is there from the United States, too. I don't find it remarkable at all that the lesson of getting the right complementarity and resource allocation in a region that is growing as fast as this is all that remarkable. There is an obviousness about it that is - though as we all know perhaps through some of the dismal periods of history - that obvious or not, these things haven't happened. The thing about this is it is happening - people do see the opportunity, they do think it is something they should do, and they are making commitments as Head of Government and Head of State level. And I think it is that political impetus - the fact that it is not left to Ministerial haggling, or bureaucratic incrementalism, but rather being driven by the leaders themselves - is the difference here.

J: Prime Minister Keating, the - on a matter that is related to trade, and it is the waterfront dispute in Australia - I was wondering what you think of the involvement of your predecessor - former Prime Minister Bob Hawke - in the attempts to resolve the dispute? And do you think that he will be able to bring his background and experience in industrial disputes to resolve this matter?

PM: Well, the Government has taken charge of the issue itself, and though commitments were made by the company and by the trade unions last we



which led the Government to believe would be capable of resolution before weeks end, when that was obviously not to be so, I spoke to the Minister for Industrial Relations, who of course then opened up a discussion with the President of the Arbitration Commission, President O'Connor. And - as you know - she has called a compulsory conference, and as a result of that call, already the waterfront stoppage - as short-lived as it was - has ceased. So, the Government has taken the issue over through those processes, and I expect the parties of course to come along and to appear. I mean, the company has been quite wilfully going its way now seeking to secure the non-unionisation of sites through discriminatory wage packages, and the ACTU - for its part, while in dispute with the company - sought to engage, of course, many other parties by a broad national stoppage, which of course didn't find favour with the Government. Now it will go to the Commission. It will go to the Commission, and the Commission will - amongst other things - adjudicate on the central point, about whether there should be, and can be, any discrimination for equal work and equal pay - equal pay for equal work. And given the Commission's record on this point of discrimination, or non-discrimination, I don't think it particularly - if you were a betting person, you wouldn't particularly need to concern yourself too much about who the advocate was. I think Marcel Marceau could almost get this one through. Can I just say, though - you asked me about Bob Hawke. If he can help in this, and the unions feel comforted by that experience, then I think that's a good thing.

- J: Mr Keating, has the waterfront dispute embarrassed you at this APEC conference, and secondly, is it possible to quantify the benefits which will flow to Australian farmers from today's decision?
- PM: Well, no - the answer in the first instance is no. It's just part of our industrial relations scene - we have got the lowest level of industrial disputes in Australia this year - [it was] last this low in 1940. And I would think just about one of the lowest in the OECD, if not the lowest. But, in any economy our size, there will always be some industrial problems. As far as the Australian agricultural sector is concerned, in raising this issue of food supply, food security, today, and looking at some of the problems through a working group, obviously we mean to get a better definition on this. But I can't see it being other than providing opportunities for Australian agriculture - to lift their supply capacity to the region, and to participate in it.
- J: Mr Prime Minister, reportedly the Government of France is going to hold a nuclear bomb testing tomorrow - are you going to take a specific action on this matter?

PM: Well, we have...Australia's made the strength of our feelings and our actions known. We have supported, of course, expressions of condemnation, and multi-lateral bodies such as the Commonwealth Heads of government meeting last week, and in the UN. And apparently the President of France was very peeved about the fact that some of his European colleagues made similar expressions over the course of the week. I think there has been pretty general, broad, world-wide condemnation of this action, and there will be for a subsequent test. One more question, I think, and we'll go.

J: Just on the industrial dispute in Australia - I'm wondering if you are disappointed that the ACTU hasn't been able to call off the coal strike ahead of tomorrow's Arbitration Commission hearing?

PM: Well, CRA had the opportunity of settling this matter last week and decided not to. They understand what the industrial imperatives in this are, but, of course, they will be parties before the Commission on Monday, and hopefully - if that process works well...but as I say, if it is around the question of discrimination, around the question of equal pay for equal work, I don't see the Commission being able without - I'm not in a position to judge this, because this is the Commission's matter - but I don't see the Commission being able to say "yes, we will have non-equal pay for equal work", for instance. And, presumably, the parties would accept the Commission's findings - in which case, of course, the disputes would be over. Thank you.

ends.