

AUSTRALIA AND CHINA: LOOKING BACK - AND FORWARD

Address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, to the Eighth China-Australia Senior Executive Forum, Melbourne, 17 April 1991.

When the Australia-China Business Council (ACBC) was established in 1973, within a few months of the formal opening of diplomatic relations between Australia and the People's Republic of China, the business terrain was much more uncertain and hazardous than it is today. Australia is grateful for the pioneering efforts of its entrepreneurs represented in the ACBC. They have played a key role, not least in the beginning when it mattered most, in the practical promotion of business contacts, and the development of a successful long-term and sustainable economic relationship between Australia and China. It was the ACBC which charted China's changing business terrain for Australians, and it is this Council which has been at the forefront in developing business ties with China ever since.

In 1984, the ACBC teamed up with the China Management Enterprise Association (CEMA) to convene the first of what were to become regular annual meetings of the China-Australia Senior Executive Forum. I appreciate CEMA's major contribution to promoting a greater awareness in Australia of China's business environment and of the role of its parent organisation, the State Planning Commission. And I very warmly welcome the presence here today of so large and distinguished a delegation of CEMA members.

Certainly the economic relationship between Australia and China has expanded and diversified substantially since the ACBC and CEMA began their cooperative endeavours in 1984. In that time our two-way trade has more than doubled - from just over a billion dollars in 1984 to more than \$2.6 billion in 1990. In that time, too, the terms of bilateral trade have moved from being heavily in Australia's favour to approximate balance.

We are all conscious of the fact that this eighth meeting of your Senior Executive Forum takes place against the background of some difficulties in Australia-China relations. The tragic events in Beijing in June 1989, brought by television directly into our homes, left a profound impression on Australians. The Australian Government was very much reflecting overwhelming Australian public opinion when in July 1989 it introduced economic and political restrictions on our relations with China.

Following successive reviews, and some modification of the restrictions last year, the Government decided in February this year to lift the remaining economic and political

restrictions on relations with China. Our deeply felt concerns having been so clearly registered and maintained for nearly two years, we judged that there would be diminishing value if we continued to limit our relations with China to a markedly lower level than that of not only our regional partners, but like-minded countries elsewhere as well. In coming to that decision, we also took account of the overall human rights situation in China in the post-Tiananmen period: it is our hope that the discernible improvements which have occurred to date will be reinforced by further positive developments in the future.

The Government recognised, furthermore, that there were mutual benefits to be gained over the longer-term, not least by ordinary Chinese people, from the further development of China's economic relations with Australia. And quite apart from our bilateral dealings, Australia has a good deal to discuss with China as an important member of the Asia Pacific region, and indeed of the world community of nations.

Although differences do remain between us, mainly on our different approaches to human rights matters, our view is that Australia and China should look ahead to make progress on a number of fronts where we can clearly work to the mutual benefit of our people - trade and investment, and political and economic cooperation in areas of shared regional or multilateral concerns.

For this reason I was pleased to accept the invitation of my Foreign Ministerial colleague, Qian Qichen, to visit China next week. I look forward to resuming the high level dialogue between our two countries. We will review bilateral and trade relations, and discuss regional and world developments. I also look forward to briefings and discussion on China's current political and economic situation.

I will be pointing out in Beijing that the scope is indeed growing for both countries to take advantage of the areas of complementarity between our respective economies, and to broaden and diversify our trade. Australia does have competitive advantage in such diverse areas as communications and telecommunications, agricultural technology, power systems and mining technology, and I will be taking every available opportunity to emphasise this.

It is particularly pleasing to note, too, that Chinese trade and investment interest in Australia is continuing to grow. There are now over 160 commercial offices set up in Australia by Chinese provinces, ministries or business enterprises. I will be reaffirming to my Chinese counterparts that Australia welcomes investment from overseas. We are particularly pleased, needless to say, with the success of China's very large investments in the Portland aluminium smelter here in Victoria and in the Channar iron ore project in Australia's north-west.

Of course, a steadily expanding bilateral commercial relationship will depend in large part

on the success the Australian and Chinese Governments can achieve in terms of economic reform and restructuring. I have been encouraged with the way in which the Chinese Government has committed itself to a continuing program of reform, including, for example, recent measures to reform the foreign trade system by extending foreign currency swap markets, and giving greater flexibility to foreign trade corporations to manage their finances. For our part, the Government's recent Industry Statement of 12 March 1991 marks the introduction of a set of strategies designed to build a more competitive Australia, the centrepiece of which is an across-the-board program to phase down Australian tariffs, providing increased opportunity for foreign exporters, including from China, to compete in the Australian market.

I will assure my counterparts in China that the Australian Government will work hard to encourage the growth of our bilateral trade. We will continue to work through the institutional framework which was created in the 1980s to promote our bilateral economic and trade cooperation and to assist our commercial sectors to do business with each other. The range and scope of this institutional framework is unique in Australia's bilateral economic relationships and is a measure of the great importance we place on the continuing expansion of the economic relationship between our two countries. At the apex of this institutional framework is the Joint Ministerial Economic Commission (JMEC) which held its fourth meeting in Beijing last September. One of the matters I would like to explore with my Chinese colleagues in Beijing later this month will be the extent to which our business entrepreneurs should be more directly involved in the work of the Fifth JMEC and the JMEC's subsidiary sectoral working groups.

This is perhaps an appropriate context for me to announce that Australia's next Ambassador to Beijing is a very senior public servant who has been closely involved in the JMEC almost from the outset, and indeed with our overall relationship with China. He is Mr Michael Lightowler, currently Deputy Secretary of my Department, who should be well known to you all as a man with an unrivalled background in trade policy, and as a very competent all-round diplomat. His appointment is as strong an indication as I can give of the Government's continuing commitment to developing and enhancing our relations with China.

Of the various other items which will no doubt feature in my discussions next week, let me focus, finally, on the question of our relations with Hong Kong and Taiwan. Collectively the three Chinese economic entities account for over 8 per cent of Australia's trade - and this is a percentage which I believe will increase substantially in the next few years.

Hong Kong is a major Australian export market, worth \$1.3 billion in 1989-90. It is our eighth largest source of foreign investment, with a cumulative total investment in Australia of well over \$4.5 billion. Australia very much hopes that Hong Kong will achieve a smooth transition from its current status as a territory under the control of

Britain to a self-governing Special Administrative Region of the People's Republic of China in 1997, with the people of Hong Kong continuing to enjoy the stability and the freedoms, both political and economic, which have enabled them to maintain their small territory as one of the most dynamic economic entities in the world. We would be concerned at any developments, economic or political, which undermine either international confidence in the future of Hong Kong, or the confidence of the people of Hong Kong themselves.

The economic development of Taiwan has been spectacular. On current growth rates it is set to become one of the world's ten largest trading entities by the end of the century. Since 1983, Australia-Taiwan trade has tripled, and is now worth about \$3.5 billion a year. Taiwan is Australia's sixth largest export market, ahead of the United Kingdom, Hong Kong, Germany and the PRC.

A degree of media interest has recently focused on Australia's unofficial economic links, and it is appropriate that I should spend a little time on this issue. It is the case that, in recent years, the Government has taken important steps to strengthen our unofficial and commercial relationship with Taiwan. For example:

- we have actively supported the expansion of the Australian Commerce and Industry Office - the ACIO - in Taipei, and the establishment of a Taiwan Market Service in Australia, both run under the auspices of the Australian Chamber of Commerce;
- we have indicated a willingness in principle to allow Taiwan to change the name of its commercial operation in Australia to Taipei Economic and Cultural Office, and to increase the number of its commercial offices;
- we have assisted the ACIO to improve its visa facilitation service in Taipei for Taiwanese wishing to visit Australia;
- we have enacted legislation to provide investment security for companies registered in entities such as Taiwan wishing to invest in Australia;
- we have been actively pursuing access to the Taiwan market for our beef, wheat and fruit; and
- we have encouraged Australian aviation interests to negotiate acceptable arrangements, now at last coming to fruition, for direct air services between Australia and Taiwan.

In short, the Government is committed to a positive, forward looking and pragmatic

approach in our unofficial relations with Taiwan.

The essential truth driving Government policy for the past eight years is that it is possible to expand our mutually beneficial commercial relations with Taiwan without any stepping back from the terms of our recognition of the PRC in 1972. Moreover, Australia's policy towards China remains essentially bipartisan. Both Government and Opposition parties have recognised that the Government of the PRC is the legitimate Government of China and acknowledge that Taiwan is a part of China.

Our firm commitment to a one-China policy is fundamental to the present and future relationship between the Australian and the Chinese peoples.

At the same time, it is Australia's strong view that the question of reunification of Taiwan with the Chinese mainland, and the terms under which that might be achieved, is a matter for the Chinese people to settle for themselves. We hope there will be a settlement through peaceful negotiation. As a country which has sound political and economic relations with the People's Republic of China and healthy commercial relations with Taiwan, we will resist strongly any attempt to draw us into the rivalry and competition for influence which sadly still characterises the relations between the authorities of the PRC and the leadership of Taiwan.

It is no secret that, as its economic strength has grown, some elements in Taiwan have been increasingly disposed to put pressure on countries such as Australia to make public concessions of a political or a diplomatic nature, in return for closer trade links.

From time to time our friends in the PRC show some concern at the pressure brought to bear on Australia by pro-Taiwan interests. They should not worry. Australia has taken a principled position in respect of Taiwan being a part of China, and we will honour the serious commitments we have made. At the same time, our friends in the PRC would not expect us to do otherwise than to pursue vigorously what we assess to be Australia's national commercial interests in Taiwan.

For their part, we believe our friends in Taiwan should be content to have both the friendly respect and admiration of Australians for their very considerable achievements, as well as the material benefits of economic partnership between two increasingly complementary economies. Australia cannot be expected to countenance concessions of a diplomatic or political nature which imply recognition of Taiwan as a separate political entity. So long as that is appreciated, we should be able to conduct wholly productive relations with our Chinese friends on both sides of the Taiwan Straits

In conclusion, let me once again confirm the commitment of the Australian Government to developing a productive practical relationship with China, a relationship in which

mutually beneficial economic exchanges form a major element. For this reason, may I congratulate the China-Australia Senior Executive Forum on its eighth meeting. I wish you every success in your deliberations; by your efforts you are adding to those three precious commodities in Australia-China relations - friendship, trust and mutual commercial benefit.

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