

AUSTRALIA, THE ASIA PACIFIC AND HONG KONG

Address by the Minister for Foreign Affairs and Trade of Australia, Senator Gareth Evans, to the Hong Kong Foreign Correspondents Club, 22 April 1991.

An audience of foreign correspondents in Hong Kong is unlikely to contest the proposition that no country can escape its geography. But some of us take a long time to come to terms with the full consequences of our geography. For many decades Australia thought of itself as a European outpost, and did nothing to encourage our regional neighbours to think otherwise. Knowing the importance of a good blood line, graziers sent their eldest sons to England to scout out their wives; the first overseas trip of Australians generally was always to Europe to drink at the well-springs of Western culture; our foreign policy consisted in keeping the seamless web of the British Empire together because it alone would protect us in our isolation and vulnerability; and when the British could no longer do the job, it was the other "great and powerful friend", the United States, to whom we turned to provide physical and mental reassurance.

But things have changed, and they have changed dramatically. We now do business extensively with the Asia Pacific; we take more immigrants from Asia than from Europe; our tourists are increasingly spending time in the region's holiday destinations; our diplomatic focus is well and truly on our neighbourhood; and, most importantly of all the whole cultural mindset of the nation is gradually changing as well. Australians think of themselves these days not as being in a transplanted piece of Europe, but in the Asia Pacific.

There are four key elements of deliberate government policy in that transformation. In the first place, since the early 1970s we have practiced a wholly non-discriminatory immigration policy, and the proportion of Asian members of the Australian community - not least from Kong Kong - is steadily growing as a result.

Secondly, throughout the 1980s we have been reshaping our economy, breaking down protectionist barriers, and deregulating, loosening and opening up the economy to both the discipline and opportunity of greater trade and two-way investment. That has not only made it possible for Australia and its neighbours to do more business with each other; it has been an important component in rearranging the mental furniture of Australians in general, and Australian business in particular, forcing both to become much more outward looking.

Thirdly, since the mid-1980s we have also been fundamentally reshaping our defence

posture: while still wholly committed to the Western alliance, we no longer begin and end our planning - as generations of previous Australian governments have - on the assumption of reflex support from great and powerful friends. By contrast, we have now built our defence philosophy and force structure around the concept of defence self-reliance - developing the capability to handle all but the most extreme contingencies with our own resources.

Finally, throughout the 1980s, but most visibly in the last few years, we have been conducting an energetic, independent foreign policy in the region - built around, but not confined to, some high profile initiatives like Asia Pacific Economic Cooperation, the Cambodian UN Peace Plan, and the formation of the Cairns group of fair agricultural traders. We have also been active on peace and disarmament issues like the establishment of the South Pacific Nuclear Free Zone and the mobilisation of support for a Comprehensive Chemical Weapons Convention; in encouraging a new approach to dialogue on security matters generally in the region; in tackling the problem of Indo-Chinese refugee outflows; and in developing new layers of depth in our various bilateral relationships, for example with the path-breaking Timor Gap Treaty with Indonesia.

Our whole approach to the conduct of our foreign policy in recent times has been to play the role not of an outsider looking into the region, but of an active participant in the region's affairs, a cooperative partner in the resolution of regional problems.

In the limited time available, let me focus by way of illustration on just one of the foreign policy initiatives I have mentioned - the launching of APEC. I do so not least because of Hong Kong's immediate interest in becoming part of that grouping - and before I conclude I would like to say a little more about Australia's policy toward Hong Kong, not only in relation to APEC, but more generally.

Asia Pacific Economic Cooperation

The idea of a forum for the major trading nations in the Asia Pacific region to cooperate in the development of mutually beneficial economic strategies has been around for two and a half decades, but it only became reality after Australian Prime Minister Bob Hawke relaunched the idea in a speech in Seoul in January 1989. Following this, some sustained and energetic diplomacy resulted in the inaugural meeting, attended by twenty-six Ministers from twelve countries, in Canberra in November 1989.

A follow-up ministerial-level meeting was held in Singapore last year, and a third is scheduled for Seoul in November this year. At the Seoul Meeting, we will be discussing, among other things, the question of future participation in APEC by the three Chinese economies of PRC, Taiwan and Hong Kong and progress reports from ten working groups - established to look at data collection and exchange, trade and investment promotion, and

various kinds of sectoral cooperation strategies.

Contrary to fears expressed in a number of quarters at the time and subsequently, APEC was not established as a trade bloc, with an express or implied objective to build protective walls around itself and the wage aggressive economic war against everybody else. It was designed to give strong regional support to international trade liberalisation, but not to be a regional competitor to an American bloc and a European bloc. As various commentators have been quick to point out, while regional arrangements of one kind or another can be GATT consistent, trade creating rather than trade diverting, and while the EC and North American Free Trade arrangement may fall into this category, any tripolar division of the global economy - around yen, dollar and DM blocs - does have the potential to lead to new restrictions on trade to the great disadvantage of everyone.

The deliberate effort made in the inauguration of APEC to straddle the Pacific and engage the United States and Canada in the process is ample proof of the desire to avoid just that outcome. And that spirit continues to be evident in the very great caution with which the Malaysian concept of an East Asia Economic Grouping has been greeted - at least in the original form of that proposal, which was something very closely resembling an Asian regional bloc designed to do battle with the giants of Europe and the United States.

All twelve economies presently in APEC remain extremely committed to the principle - echoed in every statement made since the process began - that the future of all of us is served by the continued opening-up of the international trading economy, not by retreats to bilateralism and the lures and temptations of so-called 'managed' trade.

This is not to say that APEC's only role in trade matters is as a cheer squad for the Uruguay Round - although the group has played that role, and with it languishing as it is the Round needs all the political support it can get. Australia has been particularly keen to press the notion that there are many ways in which the Asia Pacific region can lead by example in trade policy, and that there is scope for developing a strategy of non-discriminatory regional trade liberalisation which will do just that.

This is something which has just started to be seriously discussed, and it is too early yet to sketch out what form this strategy might eventually take. One starting point might be to identify one or more sectors where a high proportion of the region's trade is sourced from the region itself, and where gains for regional economies could accordingly be quite significant. A crucial element of any such region-based move would of course be that it be non-discriminatory as against the rest of the world, creating the potential to benefit countries outside the region as well.

Leading by example has its risks as well as its rewards, and no doubt a central element in any such strategy would be to develop means of negotiating reciprocal concessions from

others in return for the marketing opening involved in non-discriminatory liberalisation within our own region. I certainly do not underestimate the difficulty and complexity of the issues involved in translating these broadly stated aspirations into workable policies. But the important thing is that these issues are now being addressed, and that APEC is the process through which this is happening.

No exercise in Asia Pacific Regional Economic Co-operation can even begin to be complete without drawing in the economies of China, Hong Kong and Taiwan. At their last meeting in Singapore, ministers acknowledged the significance of these three economies for the region, both in terms of present economic activity and its future prosperity. As just one example of their importance, their trade with existing APEC economies in fact exceeds that of ASEAN itself.

Consultations with the three Chinese economies are now proceeding, with the ROK, the current chair of APEC, taking the co-ordinating role. There have been some encouraging signs of flexibility. But at the same time all of us acknowledge that there are significant sensitivities and difficulties. We hope that there is the political will and imagination, by the authorities in Beijing and Taipei in particular, to address these sensitivities constructively and flexibly. That they should do so in all of our interests, and that is one of the messages I intend to convey to Beijing later this week.

Hong Kong

It is probably fair to say that Australia's relations with Hong Kong have in the past been conducted on a reactive and ad hoc basis. With Hong Kong being such a leading exponent of free trade, there have been few significant bilateral trade issues arising between us. Politically we have confined ourselves to expressing support for the smooth and peaceful working out of transition arrangements negotiated between Hong Kong and China.

But given the tensions that have developed since 1989, it may be time to spell out just how much we in Australia value our relationship with Hong Kong, how importantly we regard the question of smooth transition, and how much we would be concerned at any developments - economic or political - which would undermine either international confidence in the future of Hong Kong, or the confidence of the people of Hong Kong themselves.

Australia has major economic, cultural and political interests in Hong Kong. Two way trade amounted to just over \$2 billion in 1990, with Hong Kong being Australia's ninth-most important export market. Hong Kong is the fifth most important destination for Australian investment abroad (\$2.5 billion) and by mid-1989 Hong Kong had invested some \$6.8 billion in Australia. Hong Kong is Australia's third largest source of migrants

and largest source of business migrants. Over 14,000 people migrated from Hong Kong to Australia in 1989-90, and the figure could reach 17,000 this year, which would represent 13 per cent of our total intake. Hong Kong is an important and growing source of tourists (47,500 in 1989-90) and fee paying students (5,120 in 1989-90). Over 12,500 Australians live in Hong Kong, and some 250 Australian companies operate on Hong Kong soil.

Australia has taken positive steps to promote Hong Kong's international economic autonomy, as provided for in the 1989 Sino-British Joint Declaration. Among other things, Australia has taken the lead in supporting Hong Kong's succession to the GATT in 1985 as a separate Contracting Party; Hong Kong's application (accepted in September 1990) to join the Pacific Economic Co-operation Committee (PECC); and Hong Kong's efforts to participate in the APEC process.

Australia has also assisted Hong Kong by taking a robust view about the appropriate definition of refugee status to be applied to the Indo-Chinese boat people, and by accepting an appropriate number of Vietnamese boat people screened in as genuine refugees. We also agreed to resettle 11,000 of the boat people who arrived in Hong Kong before the cut-off date of 16 June 1988 - 8,500 of these had been accepted by the middle of last year.

Australia continues to support the transition arrangements agreed to in the 1984 Joint Declaration. In accordance with these principles we will seek to maintain a constructive dialogue about Hong Kong affairs with both China and Britain; continue to encourage separate Hong Kong participation in relevant international forums, especially APEC; seek to conclude relevant separate bilateral treaties and agreements with Hong Kong; continue to encourage actively bilateral trade and investment links; and develop further Hong Kong's potential as a source of fee paying students, which will assist Hong Kong to overcome its skilled labour shortage and promote Australian educational exports.

On the subject of immigration, we are conscious of the need, for a variety of reasons, to have in place an immigration scheme which, without departing from its global non-discriminatory character, is able to be sensitive to the situation of Hong Kong residents. We will not introduce a right of abode scheme for Hong Kong residents along the lines of the British nationality package, because that would compromise our universal non-discriminatory policy; we have spent almost 20 years trying to erase the slur of previously discriminatory policies and we are not about to tar ourselves with that brush again.

But as part of our global immigration policy, we do already offer flexible immigration arrangements which in some respects compares favourably, in their practical impact, to those offered by other countries. There are a number of flexible elements in our present standard immigration rules and practices which are of universal application but are likely to be of particular interest and significance for Hong Kong residents in present circumstances.

First, all migrants - those who obtain the right of permanent residence in Australia - automatically receive a three year multiple re-entry facility as part of their migrant visa: there is thus considerable flexibility to travel overseas in the first years of settlement.

Secondly, under one aspect of our resident return policy, employees of Australian firms who qualify under standard criteria for migration to Australia, and their families, are permitted to continue to reside in their country of origin - for up to five years at a time - after they have obtained permanent residence in Australia. Employees of Australian firms, so long as they remain so employed, need under present rules to spend only one day in Australia during the first three years, and thereafter only one day every five years, to retain their right to take up permanent residence in Australia.

Thirdly, under another aspect of our resident return policy, people who are not employees of Australian firms but who qualify under the business migration program, and whose business requires them to pursue business activities outside Australia, are able to benefit from exactly the same flexible visa arrangements as apply to such migrant employees.

Fourthly, there are also some flexible rules under the resident return policy applicable to migrants who are not employees of Australian firms or business migrants but who are family members of Australian citizens. These rules can operate in practice to enable the deferring of take-up of Australian residence even when no member of the migrant family is an Australian citizen to begin with. If during the first three years after a migrant enters Australia, his or her spouse gains Australian citizenship (which requires only two years actual physical residence) that migrant is in practice in the same position as migrant employees of Australian firms - in this case, if the Australian citizen in question chooses to reside overseas (in this case Hong Kong) he or she can be accompanied by immediate family members while doing so, and those other family members themselves only need, in order to retain their own right to permanently reside in Australia, to spend one day in Australia during the first three years, and thereafter one day every five years.

In brief, where migrants need to return overseas (in this case to Hong Kong) - to work for an Australian company or pursue relevant business interests or accompany an Australian citizen who chooses to reside overseas - then our existing resident return visa policy can accommodate that.

All the rules to which I have referred are, I repeat, universally applicable: but they are as applicable to Hong Kong as anywhere else.

We in Australia have no doubt where our future lies. We want to be good international citizens, and we want to be good regional neighbours. We want to maximise our economic interests, and maintain and increase the standard of living of our own people. We understand the dynamic, explosive growth until now, and the potential for further

explosive growth in the future, in the Asia Pacific region.

We believe that we have much to contribute to the region as well as to take from it, and that our record in recent years demonstrates the nature and extent of that commitment. We look forward to joining with, and working with, Hong Kong and everyone else in the region to ensure that together we reap the rewards - economic, political, strategic and cultural - that only a genuinely cooperative partnership can bring.

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