

AUSTRALIA AND EASTERN EUROPE

Statement by the Australian Minister for Foreign Affairs and Trade, Senator Gareth Evans, to the Ministerial Meeting of the Group of 24, Brussels, 13 December 1989.

Australia is participating in the work of the Group of 24 not only because of our long-standing links with the communities of Eastern Europe - hundreds of thousands of Eastern Europeans having made their home in Australia - but also because we recognise that developments in this continent have global significance, with implications extending to our own region. Moreover, we simply wish to play our part - modest though that will inevitably be - in support of the process of political and economic reform now sweeping Eastern Europe.

The success of that process will depend ultimately on the peoples of Eastern Europe and the capacity of their governments not only to introduce political liberalisation, but also to take the hard decisions which genuine economic reforms demand.

The G-24 has a vital role to play in that process, both as a means of coordinating and channelling support in specific areas, and through the national efforts of the countries represented here. There are also the special capacities and resources that the OECD, IMF and other international organisations can contribute.

For our own part, Prime Minister Hawke announced on 15 October 1989 an Australian package of measures to assist Poland and Hungary. This package includes extension of the Australian System of Tariff Preferences to the two countries, and an offer to both to use the International Trade Development Centres located in our two largest cities in order to facilitate the marketing of their goods in Australia. We are also providing \$A 5 million of wheat as food aid to Poland.

We have also agreed to negotiate Investment Protection and Double Taxation Agreements with Hungary and Poland. And we have offered Hungary a short term trade credit guarantee facility of \$A 20 million and a credit guarantee for capital goods transactions of \$A 70 million, and we will introduce a facility to guarantee investment insurance cover which may be extended in the light of future growth in bilateral trade. This complements the short term trade credit facility previously extended to Poland which can finance up to of \$A 270 million worth of trade per annum. Hungary and Poland have long enjoyed Most Favoured Nation treatment in the Australian market.

I might perhaps add that Hungary is, of course, a foundation member of the Cairns Group,

an appropriate indication of its clear-sighted and rational approach to agricultural trade and to international trade policy generally - a policy approach which, in turn, should stand it in good stead in its efforts to reform and revitalise its own economy.

Australia, like other countries around this table, is also looking at whether it is possible to extend our assistance further. I have to say that our capacity to do so will be limited. In a tight budgetary environment we must give highest priority to our ongoing aid commitments in our own immediate Asia Pacific region, where there are now many urgent and deserving calls for such attention from poorer countries.

Nevertheless, Australia is not closing the door to further assistance to Eastern Europe within the context of the broader Group of 24 effort. We may be able to provide additional training assistance in the areas where we have particular expertise and where this will contribute to the development programs of Poland and Hungary, e.g. in English language training, which is a prerequisite to a number of training programs being offered by other countries. In this regard we will be keen to ensure our efforts complement rather than compete with other G-24 countries:

for example, in the context of the vocational training and study exchange programs, we would want to take into account the Strasbourg Summit initiatives. We will also advertise in Eastern European capitals the existing Postgraduate Scholarship Scheme which provides assistance for graduate students from Europe to study in Australia.

Australia's efforts in Eastern Europe - like those of this Group - have been so far directed principally to Hungary and Poland. Developments in Eastern Europe do not, of course, stop at the borders of these two countries, and strong democratic currents are flowing through Czechoslovakia, East Germany and Bulgaria. But it has to be acknowledged that, for the moment, the economic reform process is not as well defined or developed in those countries as it is in Hungary and Poland. As a general principle, we believe that there must be substantial evidence of a determined commitment to both fundamental political and economic reforms before this Group's involvement becomes appropriate.

The sensible way to proceed is on a step-by-step, country-by-country basis. In addressing these issues the G-24 has provided an effective structure and there is no reason why it should be changed. The current arrangements whereby the European Community provides the Secretariat for this Group reflects the view, which we share, that the primary responsibility for solving Europe's problems rests with the Europeans themselves. This is not to say that other institutions, such as the OECD, nor other countries outside Europe should not also have a supporting role.

The countries of Eastern Europe are not seeking charity: nor should this Group seek to provide it. Our support for Hungary and Poland is intended to help them acquire the

capacity to help themselves, and to facilitate their incorporation into the international economic system.

Four decades ago the countries of Western Europe were beneficiaries of an ambitious and generous plan to revive the war-ravaged economies of Europe. That plan laid the foundation for much of the wealth and opportunity that West Europeans now enjoy. Today, circumstances are very different, but the important role that economic development plays in underwriting political stability and freedoms remains unchanged.

It is in no nation's interest for the economies of Eastern Europe to be weak. Economic growth will help to sustain political reforms, and will be crucial to the success of those reforms. Australia's commitment is to play such modest part as we appropriately can to ensure that that growth, and those reforms both occur and endure.

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