

## **AUSTRALIA AND PAPUA NEW GUINEA: PLANNING FOR THE FUTURE**

Address by Senator Gareth Evans, Minister for Foreign Affairs and Trade, on the opening of the Papua New Guinea-Australia Ministerial Forum, 6 February 1992, Madang.

---

Like others of my Australian and PNG colleagues here, I have participated in all four of the Papua New Guinea-Australia Ministerial Forums. The agenda for these gatherings has changed over the last four years, but the essentials of the relationship between Australia and Papua New Guinea have not. Those essentials are worth restating as the basis for this Forum's discussions.

In the first place, the ties of a common history, geographical proximity and economic cooperation mean that the relationship each of us has with the other is uniquely close. Of course, we have important relationships with other countries, and Australia is keen for Papua New Guinea to diversify its political, economic and security links. But, for the foreseeable future, we shall remain each other's closest partner.

The second aspect of the relationship that I want to underline is that it is a cooperative one. Papua New Guinea is a sovereign, independent state, with its own problems and its own way of dealing with those problems. The time has long since passed when Australia could or should intervene in PNG affairs to solve PNG problems. If asked, we shall cooperate with Papua New Guinea in dealing with its difficulties, preferably by doing what we can to strengthen the capabilities of Papua New Guinea's own institutions. But direct Australian involvement, particularly through the stationing of Australian officials or officers in line positions, would neither be acceptable nor successful.

The first meetings of the Forum were dominated by security problems, particularly the attempted secession of Bougainville and its consequences. The atmosphere was, understandably, one of dealing with crises. Some of those problems remain, but this meeting of the Forum will, I hope, be different. We should review and build on the progress we have made since earlier meetings. We should emphasize longer-range planning for the future of the relationship. And our discussions should be more wide-ranging, particularly in their focus on the international and regional economic environment in which we both operate.

I believe that the agenda for this Forum meeting does reflect the preoccupations of both our governments in grappling with the substantial economic problems, domestic and international, that we face. Dangerous as economic forecasting is, it seems that the world

will not return quickly to the rates of trade and economic growth it enjoyed in the latter part of the 1980s. Papua New Guinea and Australia are, like other economies which rely heavily on commodity exports, likely to suffer. Our rural sectors are particularly hard-pressed by falling prices. In the cases of some commodities, the difficulties of the market place have been magnified by the horrendous distortions in trade caused by the protectionist policies of other countries.

The governments of both countries are agreed on the need for more efficient, internationally competitive economic performance. In Australia's case, that means dealing with the accumulation of decades of practices that produced an inward-looking, uncompetitive manufacturing sector, precisely that sector to which we are now looking for growth in exports and employment. We are not shirking the painful but inevitable adjustments. Since 1983, the Australian Government has deregulated the financial system and removed most protectionist barriers to trade. It is now engaged in a difficult process of microeconomic reform, which includes the sensitive business of a more rational balance between the responsibilities of the states and the Commonwealth. We have made some headway, particularly in reducing the rate of inflation and achieving a positive balance of trade. We are determined not to surrender those gains as we emerge from the current recession.

Papua New Guinea's dilemma is different. After a period of stagnation it is set to enjoy rapid economic growth as a result of a boom in the development of mineral resources. Papua New Guinea has a chance to avoid many of the entrenched mistakes we have made, particularly that of erecting protectionist barriers to trade. I know that there have been calls in Papua New Guinea for tariffs and quotas and other restrictive measures to promote development. I hope that our discussions today and tomorrow convince you of the long-term costs of such a course.

We support the importance the PNG government has attached to carrying out the structural adjustment program agreed with the World Bank and others. And we share your view that the real gains Papua New Guinea has made over the last two years must not be lost when the program finishes at the end of this year. On the basis of our own experience with the resources boom of the late seventies, it will be important for Papua New Guinea not to lose sight of the need for the non-mining sector to remain internationally competitive.

One of the things that I hope will emerge from this Forum meeting is some new thinking on the important economic relationship between Australia and Papua New Guinea. With bilateral trade now roughly in balance - when we first met in 1988, it was almost 8 to 1 in Australia's favour - the economic relationship is becoming more mature. We need now to take a longer, more dispassionate view of where we are heading. The Papua New Guinea-Australia Trade and Commercial Relations Agreement (PATCRA) has done good work, but I would like to see eventually a more equal trade agreement providing better access for

## Australian exports.

As you are aware from previous Forum meetings, we in Australia have worked long and hard for a successful outcome to the Uruguay Round of multilateral trade negotiations in Geneva. A degree of success is now within reach - provided, above all, that the European Community can take that crucial step in the direction of reform of its agricultural subsidies. Papua New Guinea is not a member of the General Agreement on Tariffs and Trade, but will still be affected, like everyone else, by the outcome of the Uruguay Round. I can't overstate the importance for global prosperity, and thus security, of success in the Round.

Much the same is true of regional economic cooperation, now embodied in the Asia Pacific Economic Cooperation process. We shall be discussing both GATT and APEC, and I hope that the discussion will be helpful to PNG ministers in considering ways of becoming more involved in both.

The last item in the economic relationship that I want to discuss is development cooperation. Our task here will be to work out how Australia's assistance can best meet Papua New Guinea's real needs into the next century. For that, we need a flexible aid program, one that can adjust to changing priorities. The best way to achieve that is, as both sides are coming to agree, a shift from budget support to project and program aid. My own hope is that we can realise the goal set out by Prime Minister Namaliu of removing budget support aid altogether by the year 2000.

I have deliberately put mention of the security items of our agenda after the broad-ranging economic items. This reflects, I believe, the domestic priorities of each government as much as the reality of the bilateral relationship. But we do have important security interests to discuss, not least in terms of how law and order in Papua New Guinea can affect much needed investment. We have talked about this in other Forum meetings, but the recent, well-organised attack on the Mt. Kare mine gives added urgency to the need for the PNG government to act on law and order.

Our discussions on the security aspects of our relationship should be as forward-looking as those on our economic links. Australia will, for the foreseeable future, be Papua New Guinea's principal security partner - although I should repeat Australia's support for Papua New Guinea's clearly evolving relationship with Indonesia. We are keen that our assistance be channelled to meet Papua New Guinea's own declared priorities of law and order and internal security problems. We agreed on this as far back as September 1990. But it is not up to Australia to prescribe Papua New Guinea's needs. We can respond, willingly and helpfully, to those needs - but first we need a plan of action from Papua New Guinea that will enable us to focus our discussions and take decisions.

Australian ministers will also be closely interested in hearing more from their PNG colleagues of recent developments in the Bougainville dispute. There is no reason for Australia to move from the firm support that we have given Papua New Guinea from the outset. We have affirmed that the dispute is an internal PNG matter, indicated our preference for Bougainville to remain a part of Papua New Guinea, and encouraged the PNG Government to work towards a political solution. The Bougainville dispute does have a humanitarian aspect which we must not neglect, and that makes it all the more imperative that the PNG government find ways of ensuring that essential supplies and services are available to all areas of the province. I repeat the commitment that Australia stands ready to help with the reconstruction of the province once a political settlement has been reached.

The points I have mentioned do not cover the whole of the close and varied relationship between Papua New Guinea and Australia. We shall also be discussing environmental cooperation, the Torres Strait consultative arrangements and other matters. A good idea of the full range of the relationship can be obtained from the thorough report prepared by the Australian Parliament's Joint Committee on Foreign Affairs Defence and Trade. I shall be looking seriously at the recommendations of that report.

The last item on our agenda for this Ministerial Forum is the Joint Declaration of Principles which, since 1987, has provided the framework for relations between Australia and Papua New Guinea. The Declaration is due to be reviewed later this year. It will have served us well for five years, not least by establishing the principle of our Ministerial Forum - and I, for one, have found these regular ministerial meetings to be an invaluable element in the management of the relationship. I look forward with confidence to the continuing operation of the Joint Declaration of Principles for another five years, and to continuing regular and fruitful contact between PNG and Australian ministers.

\* \* \*