PRESS
DEPARTMENT OF STATE

Revised
July 10, 1984
No. 158

OWEN W. ROBERTS SWORN IN AS
UNITED STATES AMBASSADOR TO TOGO
July 9, 1984

Owen W. Roberts was sworn in today as U.S. Ambassador to Togo. He succeeds Howard K. Walker, who has been reassigned.

A career diplomat, Mr. Roberts entered the Foreign Service in 1955 and was promoted to Minister Counselor in the Senior Executive Service in 1981. His assignments have mainly been in African Affairs and with the United Nations, particularly peacekeeping.

Mr. Roberts' African assignments include: Cairo as Vice Consul 1955-57; Leopoldville (in the then Belgian Congo), commercial and economic officer, 1958-1960; Lagos, political officer, 1964-65; Ouagadougou, Deputy Chief of Mission, 1966-1968; Addis Ababa, Deputy Chief of Mission and Charge, 1979-1982; and Victoria, Banjul, and Ndjamena as roving Charge, 1982-84.

His UN and peacekeeping service has covered: participation in the General Assemblies 1960-61; support officer for the UN operations in the Congo, and later the Yemen, in the Bureau of International Organization Affairs, 1963-1964; Deputy Director of the Sinai Field Mission, Sinai Desert, 1976-78; and African Adviser for the US Mission to the UN at the 1983 General Assembly.

His Washington assignments have been: Central African analyst, Research Office, 1961-1962; Staff Director, Board of Examiners, 1970-1971; Deputy Director, Cultural Affairs, Africa, 1971-1972; member of the Policy Planning Staff, 1973; Executive Director, Office of the Inspector General, 1974-75; and Director of the African Office, Department of Defense, 1978-1979.

Mr. Robert is a veteran of World War II, has an AB and PhD in international affairs from Princeton and Columbia, and attended the Air War College 1969-1970. He is married: his wife, Janet, is a writer and potter; his son, Read, is a biomedical engineer.

For further information contact:

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July 10, 1984
No. 159

JOHN W. SHIRLEY SWORN IN AS U.S. AMBASSADOR
TO THE UNITED REPUBLIC OF TANZANIA
July 9, 1984

John W. Shirley was sworn in today as U.S. Ambassador to the United Republic of Tanzania. He succeeds David Charles Miller, Jr.

Mr. Shirley was born August 18, 1931 in London of American parents. He graduated from the Georgetown University School of Foreign Service in 1957, and joined the Foreign Service of the United States Information Agency. He holds the rank of Career Minister in the Senior Foreign Service of the United States.

Mr. Shirley has served in Zagreb, Belgrade, Trieste, Rome, and New Delhi. His assignments in Washington included tours as Director for East European and Soviet Affairs and Director for European Affairs. Following service in Rome as Counselor of Embassy for Public Affairs, Mr. Shirley returned to Washington as Associate Director for Programs at the USIA. He was Acting Director of USIA from January until June, 1981. Mr. Shirley subsequently served as Counselor of the Agency, the senior career position at USIA and, from May until October 1983, as Deputy Director ad interim. For the past year he has been Diplomat-in-Residence at Wesleyan University in Middletown, Connecticut.

Mr. Shirley is a recipient of the Presidential Distinguished Service Award, USIA's Meritorious and Superior Honor Awards, and the Edward R. Murrow Award for Excellence in Public Diplomacy. Mr. Shirley speaks Hungarian, Italian, German, French, Polish and Serbo-Croatian. He is married to Katherine Shirley, who is also a Foreign Service Officer.

Mr. Shirley has two daughters, Pamela Tunnell of Powder Springs, Georgia, and Jeanie Shirley of Springer Island, Florida.

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DEPARTMENT OF STATE

July 10, 1984
No. 160

WESTON ADAMS
U.S. AMBASSADOR TO THE REPUBLIC OF MALAWI
July 9, 1984

Weston Adams was sworn in today as United States Ambassador to the Republic of Malawi. He will succeed John A. Burroughs, Jr. Until this appointment, Ambassador Adams has been in private law practice in South Carolina.

Ambassador Adams was born in Columbia, South Carolina in 1938. He received his A.B. degree in political science from the University of South Carolina in 1960 and an LL.B degree from the University of South Carolina Law School in 1962. He also has studied at University of South Carolina Graduate School and at the American Institute of Banking.

He has served as an assistant staff judge advocate with the United States Air Force and as a trust officer with a South Carolina bank. From 1970-71, he was the Associate Counsel of the Select Committee on Crime, U.S. House of Representatives. He opened his own law practice in 1972, and also served as a member of the South Carolina House of Representatives from 1972-74. Since 1982, he has been a member of the United States National Commission to the United Nations Educational, Scientific and Cultural Organization.

In 1978, he was awarded the Order of the Palmetto by Governor James B. Edwards on behalf of the State of South Carolina.

Ambassador Adams is a member of the South Carolina Society of the Cincinnati, the South Carolina Huguenot Society, the Somerset Chapter Magna Charta Barons, the Jamestowne Society, the South Carolina Bar, the Richland County Bar Association, the South Carolina Historical Society, and the University of South Caroliniana Historical Society.

He presently resides in Columbia, South Carolina with his wife Elizabeth, and sons Robert, Weston, Wallace, and Julian.

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DEPARTMENT OF STATE

July 11, 1984
No. 161

US AND INDONESIA RENEW AGREEMENT FOR COOPERATION IN SCIENTIFIC RESEARCH AND TECHNOLOGICAL DEVELOPMENT

On July 9, Science Advisor to the President George A. Keyworth II and Indonesian Minister of State for Research and Technology Dr. B.J. Habibie observed an exchange of diplomatic notes renewing the 1978 Agreement for Cooperation in Scientific Research and Technological Development between the United States and Indonesia. In a ceremony in the Indian Treaty Room of the White House, Undersecretary of State Michael Armacost and Indonesian Ambassador Hasnan Habib signed and exchanged the diplomatic notes. The ceremony took place on the occasion of a one month visit to the United States by Minister Habibie.

The renewal of the science and technology agreement signals the intention of the two countries to enhance existing cooperation. Prior to participating in the White House ceremony, Dr. Keyworth and Minister Habibie held discussions on activities to be pursued under the agreement, including an increase in AID funding devoted to the training of Indonesians in science and technology.

Vice President Bush received Minister Habibie for a brief discussion following the exchange of notes. The Vice President expressed his hope that US-Indonesian relations would continue along the same fruitful course.

During Minister Habibie's Washington visit July 9-11, he will also call on Commerce Secretary Baldrige, Defense Secretary Weinberger, Acting Secretary of State Dam, NASA Administrator Beggs, US Trade Representative Brock, and FAA Administrator Engen.

For further information contact:

PRESS
DEPARTMENT OF STATE

July 12, 1984
No. 162

PC No. 15

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
SINGAPORE
JULY 10, 1984

SECRETARY SHULTZ: It is always a special privilege to come to Singapore because of what Singapore represents in terms of its vibrancy and growth, and of course, also because it gives me a chance to visit with Prime Minister Lee Kuan Yew, such an extraordinary person. I have had that privilege again this afternoon. I would take this occasion to express my admiration for him, my pleasure at having a chance to talk with him again, and my gratitude for being received so hospitably here in Singapore.

QUESTION: Yesterday in Amman, French President Francois Mitterrand said that the Soviet Union should be involved in the peace process in the Middle East. How do you feel about that, and if the current climate is such, is Soviet involvement either likely or desirable?

SECRETARY SHULTZ: The Soviet Union has been involved in the turmoil in the Middle East. What we seek is solving the problems there, and we have not seen any evidence of a constructive instinct on their part towards solving the Palestinian problems, towards solving the problems of Lebanon, or other aspects of the Middle East picture. We are always looking for constructive contributions, but we just have not seen any from that quarter.

QUESTION: Mr. Shultz, in view of the Soviet Union pouring arms to the Vietnamese, what is the rationale behind your Government's decision not to give military aid to the Kampuchean coalition to fight Vietnamese repression?

SECRETARY SHULTZ: Our program here is to support the efforts of the ASEAN countries. We believe that they have come about this very intelligently and strongly, not only in terms of their efforts to support the democratic forces in Kampuchea, but also in their diplomatic efforts to demonstrate to the world and have the world

support the condemnation of Vietnamese aggression and the development of a better life in Kampuchea. So we have felt that the best role for the United States is supporting this good effort, and we will continue to do so.

QUESTION: Mr. Secretary, the State Department has placed a ban on non-essential travel to Bulgaria. Is it because of allegations of Bulgaria's notorious involvement in drug trafficking, or because of recent reports coming out on Bulgaria's involvement in the assassination attempt on the Pope?

SECRETARY SHULTZ: No, the advisory on travel to Bulgaria is simply a precaution to Americans that they are well advised to stay away at a time when there are some tensions. This has nothing to do with the Italian case. It has to do more with the drug case and some of the other repercussions of it.

QUESTION: Most ASEAN members are quite concerned about recent U.S.-China relations and U.S. expectations of China's role in this region. How would you allay such fears?

SECRETARY SHULTZ: Well, people have in the past been concerned that we are concerned about what we do, but I think that the basic point is that China is an important country in Asia and in the world generally, obviously. The center of gravity of our efforts in this part of the world center on what ASEAN is doing, but nevertheless we think that a constructive relationship between the United States and China lends stability to the region, not the other way around, and to the extent that statements like that assuage peoples' fears, then so be it.

QUESTION: You said this morning and today that we are not supplying more aid to the Kampuchean coalition because we support ASEAN. Are you saying that we consult with ASEAN, and they do not want us to supply more aid to the Kampuchean coalition?

SECRETARY SHULTZ: We consult with the ASEAN countries. We discussed this whole question at length today. I did with Prime Minister Lee Kuan Yew yesterday in Kuala Lumpur, and I expect to have further discussions of it in Jakarta. What I can say is that we believe we are playing a genuinely helpful and constructive part in this effort, and beyond that I am not prepared to go.

QUESTION: The ban on travel to Bulgaria, is that to all Americans, or just to Government officials?

SECRETARY SHULTZ: Well, we are concentrating on Government officials, but I think all Americans might take note.

QUESTION: There are certain reservations stated by the Indonesians concerning the U.S. agreement in principle to sell arms to China. How sympathetic to the fears expressed by Indonesia will the U.S. be on this issue?

SECRETARY SHULTZ: Of course, we will listen to comments that our friends have to make about things we are doing on all sorts of matters. People register their views with us about arms control, about our economy, about all manner of things, including subjects such as that. We listen to our friends, and at the same time we believe that it is important that the United States develop a stable and mature relationship with China. The new fledgling military relationship is something that is just starting, and the concept of it has entirely to do with defensive arms. I think it is worth calling people's attention to the fact that there are a very large number of Soviet forces ranged on China's northern border, and there are many SS-20 missiles aimed in China's direction. So there are threats that China must be concerned about, naturally, that are different from things that Indonesia may be concerned about.

QUESTION: Mr. Secretary, do you have any indication that the Soviet Union has been trying to dissuade other countries not in the Soviet area from coming to the Olympics? You suggested that perhaps there was some disinformation involved in this, a letter that went out allegedly from the Ku Klux Klan. Have there been any other indications from other types of channels?

SECRETARY SHULTZ: I didn't connect that letter with the Soviet Union in any explicit way, let me just note. We have seen some activity designed to try to discourage people, and of course we know very well the countries of Eastern Europe were disappointed and are disappointed not to be going to the Olympics. The fact of the matter is that a record number of countries is coming to the Olympics. Let me assure everybody again that strong precautions are being taken to ensure that the situation is a secure one, and that the games can go on in a strong and lively competitive spirit and in the spirit of amateur athletics. So, we all look forward to the Olympics.

QUESTION: Apart from the talks with Lee Kuan Yew on the Kampuchean question, what are the other topics that came up for discussion?

SECRETARY SHULTZ: I don't want to go into detail on a discussion with a head of state, but the general topics that we talked about are certainly things that you would expect. The Kampuchean question was perhaps foremost. We discussed world economic issues, particularly as they bear on this part of the world. The Prime Minister sees very well the connection between what goes on here and what goes on elsewhere, so we spent a good bit of time on that. I

called attention to our concerns about the problem of intellectual property. We had a little discussion about that. That was the general range of our discussion.

QUESTION: Again from this morning, you said that the Soviets are having trouble taking "Yes" for an answer regarding our going to the Vienna talks. Is the U.S. position that we've accepted without preconditions, and that the United States will still go to the Vienna talks even if we can't talk about the reduction of missiles?

SECRETARY SHULTZ: We have had a proposal to discuss questions involving militarization of space, and the Soviets put forth a series of topics that they thought were the equivalent of that concept. We have said we will participate in a discussion of that topic, and we have some ideas ourselves about how the topic should be defined. In our view, things that go through space that are military, like ballistic missiles, ought to be on the agenda, and we intend to discuss them. So that is saying "Yes" and at the same time suggesting that the way they define the topic is all right, but there are some additional definitions that we think are important.

QUESTION: The Soviets have at various times also suggested that a precondition to those talks would be an agreement to a moratorium on all testing of anti-satellite systems. Would the United States be prepared to accept that, or are we not accepting that as one of the conditions?

SECRETARY SHULTZ: I don't think it is clear that it is a precondition, although sometimes statements are made that make it a question. This is just the kind of thing we need to get straightened out, and are trying to get straightened out, in our private diplomatic discussions with the Soviet Union. We think a moratorium on testing right now, with them having tested and deployed an anti-satellite system and we not having done so, is assymetrical with respect to its impact. A moratorium on deployment is the sort of thing that is very difficult to verify, and verification is the heart of the problem here. If you can't verify a moratorium, it's hard to know quite what it means. Or, to put it another way, what is important is to get into some discussion of this issue and see what can be made of the issue of verification. Until you do that, it doesn't seem wise to agree to something that you haven't really worked out.

QUESTION: Mr. Secretary, the fact that you drew attention to the question of American intellectual property in your talks with the Prime Minister today reflects a certain amount of concern on your part over the question of computer software piracy in Singapore. Were you interested in hearing the views of our Prime Minister on this issue, or were you actually advocating that the Singapore Government do something about this?

SECRETARY SHULTZ: Well, we think that it is a problem, and something should be done about it. I am always interested in hearing the Prime Minister's views, and I did. And I would say that the problem exists in places other than Singapore. It is not just something here. It is a concern that we have with respect to many countries, and I think it is a very legitimate problem that needs to be addressed. It is in the interests of a country like Singapore to address the problem because how that property is to be handled affects the flow of that property around the world, not only here but elsewhere.

QUESTION: Mr. Secretary, at last year's ASEAN meeting, as I recall, you were extremely critical of the Vietnamese, especially on the issue of the return of remains of American servicemen and the general prisoner-of-war issue. Since then, a high-level U.S. delegation has gone to Vietnam. The Vietnamese are, after some fits and starts, releasing some further remains of Americans. How do you now feel about what Vietnam has done or is doing in this area, and could you say a word about what you expect more broadly about U.S. relations with Vietnam in the year or two ahead?

SECRETARY SHULTZ: Some progress has been made. We welcome it, and there is the prospect of some further progress. We very much want to see that happen. There is a large problem ahead of us. There are many people unaccounted for, possibly even still alive, and so the issue is a very important one. Insofar as long-term relations with Vietnam are concerned, it represents a major stumbling block that must be gotten out of the way. Even if there were a Kampuchean settlement of some kind that was satisfactory, we would still find this a matter of great concern and would want to see it dealt with properly.

QUESTION: As a followup to that, you say that possibly there are some still alive. Has anything been learned in the past year that would give any further indication whether any are alive, or does our information stand precisely where it did a year ago?

SECRETARY SHULTZ: My statement does not reflect any new information. It is just that there are a large number, some 2,500, that we don't know about, and so there is always the possibility that there may be someone still alive. That is all I meant.

QUESTION: Returning to the intellectual property question, might there be any chance of GSP quotas being used as a possible lever to gain satisfaction from Singapore and other countries where there is a problem?

SECRETARY SHULTZ: That proposal has been made as I've heard, and I think that the right way to go about this is to have the kind of

discussions that I've had, and I hope it will be possible to get it straightened out without going in for that kind of conditionality. It is the sort of thing that tends to arise when a problem nags and nags, and people start feeling strongly about it. I might say on the GSP legislation, it is something the Reagan Administration strongly supports, and we have been working at that for over a year now, so that the GSP would be extended. It is not progressing well in the House of Representatives, it is not progressing at all. But we want very much to see some action by the Congress so that it doesn't lapse at the end of this year. We will be working on that.

QUESTION: Last September, a joint appeal on Kampuchea was signed by the ASEAN countries. This move was backed by the United States, and the third step in the resolution on the Kampuchean problem was the proposed normalization of relations between Vietnam and the U.S. If such a thing should go through, what sort of normalization, what sort of relationship, would the U.S. establish with Vietnam? Would it include just developmental aid?

SECRETARY SHULTZ: I'm afraid the prospect of normalization is so far away that it is really fruitless to speculate about it. There is the MIA-POW issue we've spoken of, and right now what we see in Kampuchea is a continued Vietnamese aggression. So far as I can see, efforts to bring about any kind of reasonable negotiation on the subject have run into a stone wall from Vietnam. So, I think that any thought of normalization with the United States is just miles away.

QUESTION: A followup on Vietnam - there were reports a couple of years ago, at least, that there were probably several Americans still alive who chose to stay. Are you referring to that kind of thing or to Americans still alive but in prison?

SECRETARY SHULTZ: I was making a general observation, in effect, that when you are without knowledge of as many individuals as is the case here that it is always possible that someone may still be alive. That's all, there's nothing, no new information nor any special implication connected with the statement.

PRESS
DEPARTMENT OF STATE

July 13, 1984
No. 163

AS DELIVERED REMARKS
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT BANQUET HOSTED BY ACTING FOREIGN MINISTER
DATUK ABDULLAH HJ. AHMAD BADAWI
KUALA LUMPUR, MALAYSIA
JULY 9, 1984

SECRETARY SHULTZ: Mr. Minister, you and your wife have shown cordiality to us beyond the call of duty. I think that you were at the airport at 1:30 in the morning, expecting that when you met us it would be more like 1:30 in the afternoon, but I think that the fact of our arrival there at that hour was a measure of our determination to come here. And when we heard about the possible or probable problems in Hong Kong with the weather, we didn't hesitate to say that when our business was completed in Hong Kong, we should come right here so that if the weather did develop badly, we would still make it. And I understand that as it turned out, the captain of our aircraft, who first called our attention to the weather, was right. It has been a rough day in Hong Kong and we probably would not have made it had we not come earlier. At any rate, your cordiality in coming out to the airport at that hour was remarked on and was very much appreciated.

We're all familiar with the story of the tortoise and the hare. As you know, the hare is quicker, runs faster, but as it turned out the tortoise was more determined and less capable of being distracted. So the tortoise got there, at the end of the race, before the hare did, despite the ability to move around quickly on the part of the hare. Now, I suppose one might say in looking at the relationship between Malaysia and the United

States, would that relationship be comparable to the tortoise and have staying power and the ability to move along slowly and steadily and get there? Or would it be like the hare, able to pick up and move quickly but not be sustained over a period of time? And I would submit to you, that the right word is something like "tortare" -- because we see both areas developing.

As you noted, your Prime Minister visited Washington only last January. We've always had a productive relationship between our countries. I can remember, myself, over a ten year span of visiting here, both as a government official and as a private citizen. But since your Prime Minister's visit, there has been a definite harelike reaction. And as you've noted, there have been a number of people visit here and we have been pleased that you have not taken the United States for granted, but have (inaudible) to us. And so, I think there has been a kind of responsiveness.

And I don't know where your figures come from about the United States' economic relationship with Malaysia being fifth in order, but what my East Asia Bureau gave me is more like second -- so we'll have to check those figures (Laughter). At any rate, the trade is growing at a very fast pace, particularly this year, as the United States economy has expanded at a rate that is astonishing to practically all observers. I suppose the only person in the United States that isn't surprised is President Reagan, who has been saying this would happen all along, when all his economists have been telling him "no -- he's all wrong." And this performance has certainly restored his faith in economists. At any rate, there has been a growth in trade and investment.

I think certainly the volume of students, something like 24,000 Malaysian students studying in the United States right now, presents a kind of quickness in pace, but at the same time augurs for the long, long staying power of the tortoise, because after all, students are the wave of the future and they are welcome in the United States. And we will look forward to having them as understanding friends over a long period of time.

As we look out together, at the world in general, and particularly at our interests in this part of the world, as the United States sees it, the ASEAN countries are the centerpiece of our thinking about Southeast Asia. And we have, of course, supported ASEAN in its determination to see that the Kampuchean problem is brought to a much more satisfactory conclusion. We've supported your diplomacy in the United Nations. We've supported you in your security efforts, and we have supported

your efforts at economic development. We have been arguing a little about what the flow in 1983 is in economic assistance, and once again I find a failing of the State Department in that it has a hard time with numbers. It's big on general concepts, but the right number is somewhere between four hundred million and seven hundred and fifty million -- give or take (Laughter). We'll get that (inaudible) before too much time has elapsed.

But we have viewed our relationship with ASEAN, and of course Malaysia, as a key country in ASEAN, as the centerpiece in our Southeast Asian thinking. You mentioned our relationship with the Soviet Union, and of course, it expresses itself only too poignantly in the problems in Kampuchea. Because the problems were caused by the aggressive behavior of the Soviet Union as you see it in various parts of the world and you see it through their proxy of Vietnam in your own region. Our view is that we should make every effort we can to have a reasonable and constructive relationship with the Soviet Union, but not at the expense of neglecting the problems that they have created and so we will have to realistically call those shots as we see them. If the price is some strain in our relationship with the Soviet Union, so be it. We must be clear about the problems of the Kampucheas, the Afghanistans, and so on, of this world.

China is, of course, a large and important country, and then Japan has the largest GNP in the non-communist world by far -- second only to the United States. I think it is coming close to the Soviet Union and it has a far more dynamic and creative economy that does the Soviet Union. So here in Asia you have countries of tremendous size and scope and I think that the presence of the United States as another large country is a constructive element in the picture. We view our relationship with China not as one that in any way takes place at the expense of our close relationship with ASEAN, one that we think will be generally supportive of stability in this region.

At any rate, I assure you, as I will our ASEAN dialogue partners in the ASEAN countries in Jakarta, that the United States, of course, stands first and foremost for the principles of freedom and democracy and is always on the side of solving problems and bringing stability and security to countries around the world. And I think over the years has been, and I'm sure in the future will continue to be, perhaps the world's major contributor to economic development and betterment insofar as any country can contribute something to the efforts of an individual country to solve its own problems, which must be the fundamental (inaudible). So, recognizing the importance of Malaysia, the importance of ASEAN, to the United States as we view our strategic interests in the world, and our desire to see growth and the development of strong trading partners that we can sell things to, and buy things from.

We are here to pay our respects to you, to exchange views with you, a country that we respect and enjoy a warm relationship with, and so I would like to salute you and thank you for your hospitality and pay tribute to the "tortare" relationship between the United States and Malaysia.

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PRESS
DEPARTMENT OF STATE

AS PREPARED

July 13, 1984
No. 164

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
TO THE
ASEAN FOREIGN MINISTERS
JAKARTA, INDONESIA
July 13, 1984

For further information contact:

This new opportunity to carry forward my country's constructive and fruitful dialogue with ASEAN is most welcome; in fact, it is genuinely refreshing to return to Southeast Asia and meet again with my ASEAN friends.

I am delighted to note the addition of Brunei to this Association. The United States has a tradition of diplomatic contact with Brunei extending well back into the nineteenth century.

The accomplishments of all the ASEAN countries, individually and as a group, have captured worldwide attention and admiration. In 1967, at a time when few outside the region rated your prospects very high, you founded this unique organization to promote economic development, in recognition of the importance of regional cooperation and self-help. Through disciplined and creative economic management, your real growth rate has averaged over seven percent a year for the last decade. Through realism and courage you have forced the world to address the threat to regional and world peace posed by Vietnamese aggression in Kampuchea. You instituted this

remarkable annual meeting in early recognition of the importance of serious dialogue between developed and developing countries.

In all these respects the ASEAN countries have distinguished themselves by realism, imagination, and sense of purpose. You face formidable economic problems and the dangers of Vietnamese aggression. You bear a significant burden of refugees for whom you have generously provided first asylum. But your success so far enables you to confront these problems with confidence and makes other nations--my own most definitely included--want to work with you.

Thus, in contrast to so many parts of today's world, ASEAN represents the stability and progress that are the goals of people everywhere. ASEAN, like the United States, faces both opportunities and problems. These meetings give us the chance to consult on both, and that is why we are here. We can take satisfaction from our common record to date. But we cannot rest on our laurels.

Today I would like to discuss three of the most serious challenges we face together and the principles upon which President Reagan has determined that the United States will address them. They are principles that provide, I believe, a solid basis for cooperation between my nation and ASEAN.

-- The first is realism: We must see the world as it is, not as we would wish it to be, facing up to problems as well as opportunities.

-- Next is strength: No policy can succeed from a position of weakness. Economic vigor, military power and a strong sense of national purpose are prerequisites to the achievement of our objectives.

-- And third, negotiation: Fortified by realism and strength, we must help to resolve international problems through principled, effective diplomacy.

On these pillars of realism, strength and negotiation, the United States is at work today in the interest of peace and freedom. On this basis we are prepared to work with ASEAN on the great challenges we face in common.

PRESERVING PEACE AND THE CHALLENGE OF ARMS CONTROL

No issue is more important today than preserving peace, and none has higher priority for the U.S. Responsible policies to reduce the risk of war and strengthen international stability are a goal shared by all our peoples. The first challenge of arms control is an important part of this effort to preserve peace.

Preserving peace in the nuclear age is a duty we owe all inhabitants of this planet. Ensuring a lasting peace is foremost in President Reagan's mind, for as he has said: "A nuclear war cannot be won and must never be fought." He said it in China. He said it in Germany. He said it in Japan. He said it in England. He said it in Congress. He said it in the Oval Office. He has said it throughout America. It is the essence of a principle that has the full support of responsible people everywhere.

Much of the debate on nuclear issues focuses on the enormous destructive potential of existing arsenals. President Reagan has led the way in the responsible effort to reduce nuclear arsenals to equal levels, with effective verification.

He has proposed the complete elimination of an entire class of nuclear weapons--American Pershing IIs and ground-launched cruise missles, and Soviet SS-20s, SS-4s and SS-5s. He has rejected Soviet proposals that would simply transfer such weapons from where they threaten Europe to where they threaten Asia. In the Strategic Arms Reduction Talks (START), he has proposed deep reductions in intercontinental nuclear arsenals, focusing on the most powerful categories of weapons--ballistic missile warheads--a goal no previous Strategic Arms Treaty has even approached. Last November, the Soviets walked out of the INF participation in START. The United States is ready to resume

both negotiations at any time and in any place, without preconditions. We hope the Soviet Union also will come to recognize that its interests are best served by returning to the negotiating table as soon as possible.

But the United States has not simply waited for Soviet responses. In addition to our efforts, extending over many years, to negotiate balanced and verifiable arms control agreements, we have made substantial reductions in our own nuclear stockpile, as well as improvements to its safety and security. Both the number and megatonnage of our nuclear arsenal have been substantially reduced. Our stockpile was one-third higher in 1967 than it is now, and its total destructive power has declined by 75 percent since 1968. In addition, we and our allies have begun a process of reducing the stockpile of NATO nuclear weapons in Europe, bringing it to the lowest level in 20 years. Even in the absence of an INF agreement, at least five nuclear warheads will be taken out of Europe for every new Pershing II and cruise missile introduced. The result will be a net reduction of 2,400 nuclear weapons over the next few years.

America has begun to modernize its nuclear forces, even as we have sought to reduce nuclear arsenals. We have done so after a decade of restraint--restraint unmatched, indeed exploited, by our adversaries. We are modernizing in a way which, in conjunction with our arms control proposals, will enhance

stability and reduce the risk of war. Our modernization program provides important incentives for the Soviets to agree to our proposals for equitable and verifiable reductions in arsenals.

In addition to our far-reaching proposals for reducing the level of nuclear armaments, the United States has proposed a number of other important arms control initiatives to reduce the risk of war and halt or reverse the growth in weapons:

-- In Geneva, Vice President Bush presented to the Conference on Disarmament a draft treaty for a comprehensive ban on the development, production, stockpiling, transfer, and use of chemical weapons.

-- In Stockholm, together with our NATO allies, we have put forward a package of confidence-building measures designed to reduce the risk of a European war occurring by accident, surprise attack, or miscalculation.

-- In Vienna, at the Mutual and Balanced Force Reduction Talks, we presented, again with our European allies, a new initiative that seeks a common ground between Eastern and Western positions, and progress on reducing the conventional forces of NATO and the Warsaw Pact. We will persist in our efforts to reduce the risk of war and achieve substantial reductions in nuclear arsenals. And we will persevere in our efforts with the Soviets to build a relationship based on realism, restraint, and reciprocity.

Unfortunately, until very recently, the only response of the Soviet Union has been silence or walkout. We hope that their recently expressed interest in negotiations at Vienna represents a change of heart. We have accepted the Soviet offer to begin talks on weapons in space, and we intend to go to Vienna. There are no pre-conditions attached to our willingness to discuss arms control matters. The Soviets have proposed some issues and we too will have issues we want to discuss. We are now trying to work out arrangements through diplomatic channels.

We want to improve our relations with the Soviet Union across a wide spectrum. We have close and continuous diplomatic contact with them at all levels. President Reagan has called this year a year of opportunities for peace. We are making every effort to ensure that these opportunities multiply and that we make the most of every one of them.

At the same time, we will continue our efforts to strengthen our deterrent forces. This is as important to keeping the peace as the effort to control arms. It is one of the ironies of the nuclear age that weapons must be built in order that they not be used. The effectiveness of our military forces in peacetime is of vital importance to the avoidance of their employment in war. Our approach has served us well; in the years since World War II we have succeeded in maintaining the nuclear balance and deterring nuclear war.

Your countries and my country threaten no one. Our military forces are designed to keep the peace, and we are proud of the job they have done. This has called for a considerable effort to fill some of the gaps that had developed in the last decade, particularly in this critical part of the world. President Reagan is determined that those efforts will continue.

THE CHALLENGE OF REGIONAL STABILITY

A second great challenge which faces us all is achieving regional stability. This task is every bit as critical as the effort to control nuclear weapons, for the greatest danger of nuclear war arises from smaller wars that could get out of control. The promotion of regional stability thus serves global as well as regional interests. The nations of every region achieving stability meet not only the deepest aspirations of their own people; they also contribute importantly to the avoidance of global conflict, nuclear or conventional. We must never forget, however, that so-called "small wars," even if contained within a region, have caused devastating losses in recent decades. Hundreds of thousands of lives have been lost, damaged, or dislocated in virtually every quarter of the globe. We must expend every effort to turn energies that are absorbed in conflict toward peace, justice, and lasting stability.

The United States is proud of its part in the system of regional alliances. These alliances--backed by credible military presence--have helped to maintain a remarkable degree of regional stability, even in the face of shocks like the Rangoon bombing which, in an earlier age, might easily have led to war. Our alliances with two of your members, the Philippines and Thailand, contribute to a stability which benefits the entire region, and we are grateful for their contribution. We recognize as well the responsible self-defense efforts of the non-aligned members of ASEAN.

The principles of realism, strength, and diplomacy are the keys to progress in regional disputes. These are the principles the United States has been using in its Central America policy. We seek and we support a regional solution there--one that the nations most threatened by the conflict agreed upon in their meeting at San Jose, Costa Rica. That objective is now embodied in the 21 principles developed in the Contadora process. Behind a strengthened security shield, this approach can provide development, democracy, and an end to attempts to achieve hegemony in that region via Cuban and Soviet intervention.

The policy ASEAN has adopted in dealing with the problem of Vietnam's occupation of Kampuchea reflects these same principles. Realism leads you to recognize that Vietnam's occupation of Kampuchea threatens the entire region and that no

one is safe if such acts of blatant aggression succeed. You recognize the need for strength--political and economic as well as military--to confront Vietnam with the clear choice between bearing the burdens of aggression or enjoying the benefits of cooperation with ASEAN and with countries, like my own, that firmly support you. You have offered Vietnam a realistic proposal for a negotiated political solution, one based on the restoration of Kampuchea's sovereignty and the rights of its people to choose their own government. Such a solution safeguards the interests of the Khmer people and of all Kampuchea's neighbors.

Your appeal to Vietnam is based not only on what is right, but also on what would serve Vietnam's own best interest--if Vietnam would only see its long-term interests more clearly. The regional tensions which Hanoi causes work to its own disadvantage. Vietnam is disastrously diverting its resources from its own development and the welfare of its energetic and talented people. Compared with the relationship Hanoi could have with the rest of the world--with access to markets, new technologies, and foreign assistance, as well as greatly increased diplomatic options--Vietnam's present isolation, resulting from its occupation of Kampuchea, imposes a cruel burden on its own people.

No Vietnamese proposal to date has addresssed the underlying issues--withdrawal of Vietnamese forces, and creation of a

government in Phnom Penh chosen by the Khmer people themselves. It is a given, I think we all agree, that free choice by the Khmer people would not result in a return to power of the Khmer Rouge. None of us wish such an outcome. A Kampuchean Government responsive to the Khmer people and to the urgent need for national reconstruction would be a threat to no one, and would contribute to the kind of stability so important to Southeast Asia.

I want to convey America's admiration for what has been achieved by ASEAN in obtaining international support for a just settlement in Kampuchea. We will continue to do our part, including moral, political, and humanitarian support for the organizations led by Prince Sihanouk and Son Sann. We will give no support to the Khmer Rouge, whose atrocities outraged the world.

While we are discussing Vietnam, let me re-emphasize that an accounting of Americans missing in action from the conflict in Indochina is a matter of the highest priority for the United States. The U.S. has both a legal and moral responsibility to obtain the fullest possible accounting of almost 2,500 of our men still missing. The American people rightfully expect no less. We deeply appreciate the support you have given us with Vietnam on this problem. It is a problem which demands meaningful cooperation and progress before the American people will permit discussion of normalization with the Vietnamese, even in the context of a Kampuchea settlement.

It is therefore in the interest of all of us to persuade Hanoi to come forward rapidly. It is the humane thing to do. The longer this issue lingers, the deeper will be the resentment of the American people. That serves no one's interests and thwarts the goal we all share of moving beyond the tragic history of Indochina to a more hopeful and constructive future. We appreciate the recently announced repatriation of remains. We call on Vietnam in a humanitarian spirit to meet the commitments it made to us recently and accelerate its efforts to resolve the issue. Resolution of this sensitive problem would be greeted as a significant and positive step by the American people and would establish a precedent for future cooperation.

Still another tragedy is the large and continuing flow of people fleeing Vietnamese repression and aggression. Our joint efforts on the refugee issue provide a remarkable example of international cooperation, involving ASEAN, the United States, and other countries, whose humanitarian principles have led them to assist in coping with this cruel tragedy. Thailand, which has borne the biggest burden of first asylum, has responded magnificently in providing a haven for close to two-thirds of a million refugees. Malaysia, Indonesia and the Philippines also have made major contributions to the alleviation of human suffering by providing temporary asylum and processing

facilities. The entire international community applauds you for your unceasing efforts in dealing with this problem, which was caused by Vietnam and imposed upon you.

The United States is proud of the part it has played in resettling Indochinese refugees. Of the 1.37 million refugees that have been resettled around the world since 1975, 650,000--almost one-half of the entire total--have been resettled in the United States. Absorbing such numbers can never be easy, but we are proud to have these refugees come to our shores. Ours is a nation built by people seeking freedom from tyranny. Our country is enriched by the energies and talents of the Vietnamese and other Southeast Asian refugees.

Other nations represented at this Conference have also played their part. In fact, the entire refugee resettlement process, from first asylum to final resettlement, represents international cooperation at its finest. If we are to maintain the cooperative nature of this endeavor, all of us must continue to shoulder our share of the burden. We in the United States will do so and we urge others to do so as well.

One of the tragic effects of the movement of people seeking refuge has been an increase in piracy. Although the number of vicious attacks on helpless refugees--including women and children--has declined, it is still a terrible risk to run for those seeking freedom. I know that all ASEAN governments condemn

these acts of piracy and are anxious to find ways to combat this problem. We stand ready to help in any way possible.

THE CHALLENGE OF ECONOMIC DEVELOPMENT

We face a third great challenge in concert with all members of the international community--economic development. All the leaders of ASEAN have made economic development a major goal, and it has become a central part of the U.S.-ASEAN relationship. But we are all part of a world economy so our efforts must extend beyond the confines of the U.S.-ASEAN relationship.

Prior to the recent London Economic Summit, Foreign Minister Mochtar wrote me and others in his capacity as Chairman of the ASEAN Standing Committee, asking me to bear in mind the concerns of the ASEAN countries as the Summit leaders addressed global economic issues. It should be clear from the outcome of that Summit that ASEAN's concerns were very much on our minds.

The first topic Foreign Minister Mochtar addressed was trade. We share the view that trade is a major engine of the development process. Trade liberalization is an indispensable element in insuring that the global recovery will endure and spread. We worked hard to see that the Summit Declaration urged formal movement on a new GATT trade round. In our judgment a new round will stimulate confidence in the recovery and can offer the prospect of significant benefits to the developing world.

A key objective of a new trade round will be to confront the protectionist pressures that afflict all of us, developed and developing countries alike. On this point, I am sure we are in full agreement. We may disagree, however, on the extent of protectionism now being provided our respective industries.

The United States is frequently accused of bowing to protectionist pressures to the detriment of the developing world. Examples often cited are textiles, shoes, and steel. We do face protectionist pressure and occasionally we are forced to limit the growth of imports of some products. I note with pride, however, that the United States economy is a genuinely open one and this openness is of great benefit to developing countries. The United States is the world's biggest market for the manufactured exports of developing countries, taking over 50 percent of such exports to all industrial countries. Even in sensitive industries where protectionist pressure is high, imports have continued to grow, often exceeding the growth in total output in that industry.

The complaint heard most concerns textiles. But during the first four months of 1984, textile imports to the U.S. are 50 percent above the same period in 1983; in the case of the ASEAN countries, the figure is 107 percent. A rate of increase like that in a sensitive American industry causes us real problems and brings an understandable reaction in the United States.

But the increases are there nonetheless. The United States has an open market. Imports are a permanent part of our economic life and we welcome the benefits they bring.

Protectionism is a danger we all must combat. IMF studies have made clear the damage that high levels of protectionism have caused to certain developing countries. I agree with those who have raised objections to proposals in the U.S. for local content legislation. President Reagan's administration is vigorously opposed to such laws but the principle of realism is required here as well, for this is a practice widespread in the developing as well as developed worlds. Nor can we ignore the reality that the average tariff level in the developing countries is 30 percent compared to 4.7 percent in developed countries.

A trade issue of particular concern to the United States is infringement of intellectual property rights. American businesses lose hundreds of millions of dollars annually due to the counterfeiting and piracy of records, tapes and other intellectual property. But the even bigger losers are those nations who fail to offer protection to intellectual property. America's high technology companies--for example in computers and computer software--are not going to want to invest in countries where their intellectual property can be stolen with impunity. This will result in a loss to those countries of the types of skills needed to develop a modern industrial sector with

well-educated, high paid skilled workers. This is an issue that concerns us all and which must be addressed quickly.

Growth in the industrial democracies is crucial to the trade and thus to the economies of the developing world, and--I wish to emphasize--vice versa. Real output in non-oil-producing developing countries is expected to rise 3.5 percent this year, compared to 1.6 percent last year. A major part of this recovery is due to the increase in world trade. Achievement of sustained non-inflationary growth in the United States and maintenance of our open markets are of prime importance to the developing world. Conversely, ASEAN's prosperity has created new markets and enhanced investment opportunities for American business.

The strong growth of U.S. import demand has been the major factor in the recovery of world trade, with U.S. imports up 13 percent in 1983 and an estimated 18 percent for 1984. In the case of ASEAN, increased exports to the United States accounted for over 60 percent of ASEAN's total export increase in 1983. These percentages are pretty big in anybody's terms, but in terms of ASEAN's economies they are huge for the American economy is truly enormous.

The second issue mentioned by Foreign Minister Mochtar on behalf of the ASEAN countries was commodities. In practice, commodity agreements often interfere with market forces to the detriment of rational long-term allocation of capital, land, and labor.

Bearing these differences in mind, however, we may be able to turn to negotiation along avenues that can lead to practical and economically productive areas of agreement.

The International Rubber Agreement is one commodity arrangement that we both are able to support. We anticipate that negotiations to renew this agreement will proceed in a good faith manner. Another example is the U.S.-ASEAN Memorandum of Understanding on tin that we concluded late last year, directly as a result of the ASEAN Dialogue meeting. We intend to follow the same precepts of realism and diplomacy in examining other commodity issues.

The third and fourth topics in Foreign Minister Mochtar's letter were debt and finance. Here the London Summit participants agreed that their strategy for dealing with the international debt crisis is working as intended. One of the lessons we have learned in recent years is that over-reliance on foreign borrowing to finance development can lead to successively complex problems, especially during an economic downturn. I want to underscore the Williamsburg and London Declarations' recognition of the importance of private capital flows to the developing world. Private equity funds can provide an important complement to domestic savings, while avoiding the pitfalls that come with

large amounts of foreign debt. Furthermore, as the London Summit recognized, foreign direct investment "carries the advantage of being tied to productive capital formation, as well as forming part of the package that includes the transfer of technology and skills." Countries, just as companies, must pay attention to their debt-to-equity ratio. The ASEAN countries you represent have been wise in pursuing for the most part sensible strategies of foreign borrowing. The United States stands ready to work with you to improve the climate for increased foreign equity flows. For example, we are prepared to enter into discussions about treaties for encouraging and protecting investment.

Another aspect of the financial side of cooperation is development assistance. While it can never match trade or private foreign investment--let alone investment based on domestic savings--in terms of its impact on the recipient country, it can play a crucial catalytic role, particularly for the poorest countries. U.S. assistance to the developing world exceeds that of any OECD country. In fiscal year 1983, the United States provided $249 million in bilateral economic assistance to ASEAN countries. Together with security assistance, our total bilateral aid was $424 million.

When one adds in our share of World Bank and Asian Development Bank loans to the ASEAN countries, total U.S. assistance in Fiscal 1983 exceeded one billion dollars. We are the largest participant in the major international financial institutions.

We will maintain these flows to the extent that our budgetary conditions permit and we will continue to support the programs directed toward ASEAN of the IMF, the World Bank, and the Asian Development Bank.

Mr. Mochtar's fifth point addressed the North/South Dialogue. We believe in dialogue; that is why we are here. That is why we support substantive work in the GATT, IMF, the World Bank, the Asian Development Bank, the Africa Development Bank, the Inter-American Bank and other similar institutions. The forums for the dialogue exist. The institutions for carrying out programs exist. What we must find are practical solutions, working in those forums where constructive action can be taken.

U.S.-ASEAN RELATIONS

Each time I return to this region I am impressed anew with the sense of dynamism I encounter. ASEAN's record of progress over the past decade has been been phenomenal. Your average real annual growth is the envy of the rest of the world--developed and developing. Your growth in trade with the rest of the world in the last decade was more than twice that of overall world trade. Your exports have grown from $14 billion to over $70 billion in the same period--a most impressive record. Complementing the dynamism of the region is its stability. Much of the developing world must grapple with rapid and uncontrolled change that threatens political and economic institutions. But the countries

of this region have become models for balancing stability with controlled and beneficial change.

On this visit, I have been reminded again how our host government, under President Soeharto's leadership, has drawn on the traditional Indonesian values of consultation and consensus to construct a stability that stands in stark contrast to the turmoil that followed the 1945 revolution. In Malaysia, I saw a vibrant parliamentary democracy at work, a political system that demonstrates that people from different ethnic groups can work together in harmony to forge a nation. In Singapore, I saw how imaginative leadership combined with the principles of free enterprise can overcome the shortage of natural resources. The Philippines, although still beset by serious financial difficulties, recently held important legislative elections, which showed the Filipinos' deep commitment to the democratic process. I have been heartened by Thailand's impressive political stability and deepened cooperation with my country. And Deputy Secretary Dam felt the promise of Brunei as it celebrated its independence this year.

Today there is a growing awareness of Asia's importance to the United States. East Asia's rapid economic growth has had a profound impact on our own economy. U.S. investment in ASEAN, currently almost 8 billion dollars, according to recent Department of Commerce figures, continues to increase, as American business sees new opportunities in ASEAN's expanding

free-market economies. The U.S.-ASEAN Center for Technology Exchange provides an opportunity to promote the transfer of technology from the U.S. to ASEAN firms. America's annual trade with East Asia and the Pacific exceeds that with any other part of the world--and has for five years. ASEAN is now the fifth largest trading partner of the United States--with total trade exceeding $23 billion.

There is a deep human and cultural dimension to our relations as well. This year there are more than 40,000 students from ASEAN nations studying in the United States and the number of my countrymen who visit Southeast Asia and become involved here continues to rise. I myself visited this region often as a private citizen and spread the word of the new Southeast Asia to my friends back home. Your societies, your histories, your intellectual and artistic achievements every year become more familiar to Americans, and contribute to a lasting bond between us. Behind each statistic there are complex person-to-person contacts that will link our lands and peoples ever more closely in the future.

Southeast Asia is an area that commands U.S. attention within the Asia/Pacific region. In recent years, questions have been raised about the firmness of American purpose in Southeast Asia. Some feared that our withdrawal from Vietnam would lead us to abandon

our interests in the region, particularly in ASEAN. The prospect--some years ago--of a withdrawal of U.S. troops from Korea fed these fears.

Let me assure you that nothing could be further from reality. United States security interests are increasingly enagaged in Asia and the Pacific. We are committed to an active, constructive, and long-term presence in Southeast Asia.

Our relations with the ASEAN countries are the cornerstone of our policy in Southeast Asia. As the United States develops and expands its relations with other countries, both large and small, in Asia and around the world, we will very much keep in mind our strong ties with the ASEAN region. We do not intend to subordinate our interests in ASEAN to the pursuit of better relations elsewhere.

United States relations with the ASEAN region are based upon the perception that we each have a constructive and complementary role to play in dealing with the challenges that confront us. Your combined voices carry authority in the international arena and contribute to the quest for peace and economic justice. Together we can make an impressive contribution to the kind of world all our peoples seek for the future.

CONCLUSION

In conclusion, let me say once again what a pleasure it is to participate in this dialogue with you. The discussions we have had here symbolize the dynamism and vibrancy of your countries. The inclusion in our agenda this year of the theme of Pacific cooperation reflects your vision of the opportunity that the future offers to the Pacific region. We share this vision and are prepared to work with you to give it substance. The success of ASEAN, both as a regional organization, and as individual countries, stands out as an example for others everywhere. The United States is proud to be associated with our allies and friends in these joint endeavors.

PRESS
DEPARTMENT OF STATE

July 17, 1984
No. 165

STATEMENT BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE
NEW ZEALAND MINISTRY OF FOREIGN AFFAIRS
PRIOR TO FIRST ANZUS COUNCIL MEETING
WELLINGTON, NEW ZEALAND
July 16, 1984

The relationship between New Zealand and the United States is characterized by uninterrupted friendship and devotion to common values and ideals. The meeting we are about to begin is a measure of that unshakeable relationship. There is no greater testament to the friendship between two peoples than a resolute commitment such as that embodied in the ANZUS Treaty, to come to the defense of a valued ally. I look forward to meeting with your colleagues and our Australian friends.

For further information contact:

PRESS
DEPARTMENT OF STATE

July 18, 1984
No. 166

PC No. 13

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE
THE AMERICAN EMBASSY
KUALA LUMPUR, MALAYSIA
JULY 10, 1984

MR. HUGHES: Gentlemen, we are on the record. This is a press conference by the Secretary of State of the United States Mr. George P. Shultz. The Secretary may have a remark or two up front and then will be glad to take your questions. Mr. Secretary.

SECRETARY SHULTZ: First, I would like to express my appreciation to the Prime Minister of Malaysia and his colleagues, the Deputy Prime Minister, and the Acting Foreign Secretary and all the people who have been so gracious to us and engaged with us in discussions of matters of concern to both countries and also have made our stay a very interesting and pleasant one. This is not my first time to Malaysia, so it is interesting especially for me to see the progress which is right in front of your eyes. My first visit was about ten years ago when I was Secretary of the Treasury, and I have been here since as a private citizen. I have had a chance to watch the growth of Kuala Lumpur, not only in the city itself but the wonderful highway from the airport here and it is a pleasure to see this tangible evidence of economic development. So again, I am very grateful for the great hospitality that we have had. Questions?.

QUESTION: Mr. Secretary, is the United States willing to give more aid of any kind to the non-communist elements of the Kampuchea coalition?

SECRETARY SHULTZ: The question of Kampuchea has come up in our discussions here, and I am sure it will be a centerpiece in the ASEAN discussions. The United States has basically taken the view that we will support the efforts that the ASEAN countries are making, and we support them diplomatically and we support them in other ways, some in terms of direct support to individual countries, especially Thailand as a frontline state. We have had massive support for the efforts over the flood of refugees fleeing the Vietnamese aggression, and in other ways we have been and will continue to be supportive, and I don't want to comment on incremental moves one way or another.

QUESTION: Mr. Secretary, are there any new views you could share with us on the proposed U.S. talks with the Soviets in Vienna.

SECRETARY SHULTZ: Well, there are diplomatic contacts practically daily on the subject. I've been, of course, following it very closely, but the situation remains about where it has been for the last few days, namely the Soviet Union seems to be having great difficulty taking "yes" for an answer.

QUESTION: The issue of U.S-China relations has been brought up with Malaysian leaders and will be brought up again in Jakarta. In yesterday's briefing by Malaysian officials there seems to be an indication that Malaysia has expressed concern, not just over military collaboration but also technological collaboration which could lead to a defense or military capability and a Chinese threat to southeast Asia. Has the U.S. given an assurance to Malaysia, and later to ASEAN, that it will continue to brief them on any major development in U.S.-China relations, and is this consultative procedure now going to be a part of U.S.-ASEAN relations?

SECRETARY SHULTZ: Well, the meeting that you referred to must be one I wasn't in, because perhaps somebody else talked about those things, but I know that the question of China, and its relationship to the ASEAN efforts in Kampuchea, and its posture in Asia generally, is of great interest, obviously, to Malaysia and others in the region. The evolution of U.S. relations with China is also of central interest. We do, as a matter of course, keep our friends advised of what we are doing, and we will certainly continue to do that. It's our view, and I believe widely shared in this part of the world, that the emergence of a good and stable relationship between the United States and China, on the whole, advances the idea of stability in this part of the world, and it is a net plus. The relationship of the military sort that you mentioned in your question is, of course, in its early stages and focuses on defensive matters and I don't think is in any sense a threat to other parts of Asia. Insofar as Southeast Asia is concerned, of course, the center of gravity of the U.S. approach is with ASEAN and the countries, Malasia obviously included, that make up the ASEAN countries and we have worked very closely with them and will continue to do so.

QUESTION: The Prime Minister has expressed regrets that trade relations between U.S. and Malaysia have not progressed satisfactorily. What's your view on this?

SECRETARY SHULTZ: Yes, well, I don't know what the right definition of satisfactory is, if you just take the exports of Malaysia to the United States, if you compare 1983 with 1982, they rose 13 percent. If you take the most recent figures, which are the first quarter of 1984, and to deal with seasonal factors you should

compare it with the first quarter of 1983. It's up by about 50 percent now; the percentage increases are very large and pretty much across the board as to products, including the often-cited example of textiles, where I think the increase is something on the order of 69 percent, very large, but that is on a small base. So, there had been large increases. To my mind, what these increases illustrate is the impact of the expansion to the United States economy on the economies of countries throughout the world and, in citing these figures I would say Malaysia is not an exception, not that numbers like 50 percent can be typical of anything, that's such a gigantic increase. But I do think that, in a sense, the hero of world economic recovery is the recovery of the U.S. economy, and it has been a very good thing for everybody, including the people of this region.

QUESTION: Mr. Secretary, several U.S. officials have talked about increasing humanitarian aid to non-communist factions in Kampuchea. Can you give us an idea of what kind of annual aid in terms of dollars you have been giving and what kind of proposals you have offered?

SECRETARY SHULTZ: Well, I suppose the most important way in which aid is given, of the sort you have in mind, is very human and personal, and that is the long-standing and heavy involvement of the United States in coping with the large flow of refugees from Vietnamese aggression. I think the total number of refugees over the last seven years -- or what is the time period of these numbers about since '75? So say almost ten years, is like 1,350,000, something on that order, and roughly half of those have wound up in the United States, some 650,000. So, we have reached out to this area and I suppose in the tradition of the United States, of being a country made up, in a sense, of refugees. The flow from this part of the world has been taken in, and that is the most humanitarian thing you can do is to help people when they are really in need, and we will continue to do that. Insofar as more direct assistance of one kind or another right here, I don't have the numbers right on the top of my head, but if you add up the development assistance of the ASEAN countries, the security assistance, and the more humanitarian, directly humanitarian, aid it comes to a very large annual number, and we have been having some discussions out here as to what that number is. It depends a little bit on just the things that you include in it, but it's on the order of half a billion dollars or perhaps larger.

QUESTION: Mr. Secretary, there was a report in the local paper to the effect that there was a rapid increase in the Soviet buildup in Cam Ranh Bay. I wonder if you can comment on the implications of this.

SECRETARY SHULTZ: Well, there is a continuing Soviet buildup of naval forces -- in other words, a capacity to project power in this

part of the world. And I think it's a matter that should be of concern to everyone; it is of concern to us. And it only emphasizes the importance of strong friendships here, and not only in the case of the ASEAN countries but Australia and New Zealand as well. So it's part of the general Soviet development of their military capability, and I think that shows the importance of having a strong deterrent capability, not only of the United States but in cooperation with our allies.

QUESTION: Mr. Secretary, I understand that the government has reaffirmed its desire to purchase F-16AS, the relatively advanced aircraft. What is the United States feeling about this?

SECRETARY SHULTZ: Well, I don't believe the Thai have finally made up their minds. They have been given, as have other countries in this region, a thorough briefing on the various so-called FX aircraft so that they can see the characteristics of them, the costs of them, the maintenance problems that they all pose, and so forth. And, they will have to look at all of these factors and decide what is in their best interest in a matter of discussion with us. But as a general proposition, we want to support the efforts of the countries in this region to look to their security. And as to decisions about particular pieces of military equipment , they are made case by case, but as a general proposition, we look with favor on sales to the ASEAN countries.

QUESTION: Mr. Secretary, could I follow up on the question regarding China? We understand that the Malaysian position is that an economically strong China will sooner or later lead to a militarily strong China which has the potential of being a hegemonistic power in Southeast Asia. That is their concern. What is your response to this line of thinking about China if it becomes economically, and later on militarily, strong as well?

SECRETARY SHULTZ: Well, I think you have to start with the proposition that China is there, it is an important country, it has been for a long time, it will continue to be, and, I don't have any doubt in my mind at all that as an economic proposition China will develop. And it seems to be expected that's going to take place. The question is whether that development, from the standpoint of stability in this region, is best done with other countries cooperating and being a part of it. And we believe that it is important for our own interest, as a potential trading partner and in the interest of security matters and strategic considerations that are very clear, to have a good working relationship with China. So we start to build that up in a way that we think will lend stability to this part of the world.

Q: Mr. Secretary, in recent years the Asian region, particularly ASEAN countries, have become quite an attractive area of investment for American businessmen compared to other regions of the world.

What, in your opinion, could ASEAN governments do to hasten this flow of American investment in this region, particularly with regards to Malaysian participation here?

SECRETARY SHULTZ: Well, basically the ASEAN countries are doing very well in expanding their economies and in expanding their trade, particularly with the United States, and in attracting investment. Of course the basic conditions that attract investments are: number one, the prospect of realizing a good rate of return on the investment, and number two, being able to sustain it because of confidence that the rules of the game that prevailed when you made the investment are going to stay the same -- so that you know the conditions that are going to affect you. So, I think that anything that can be done that affects those propositions is all to the good. It seems to me that it's taken for granted these days, and is a proper thing, that a country that is the host to investment expects to get something out of it -- not simply just the investment as such. But one of the reasons that foreign investment is welcomed is that people of the host country learn something, they get trained, they become better able to carry on themselves. So, there is a transfer in that sense, the deeper sense of the transfer of technology and managerial and other skilled capabilities. But I think from the standpoint of your question what is there to do, it is giving as much of a sense of continuity as possible and allowing investment to come into areas that are potentially profitable. Now there is one aspect of this that I like to emphasize, particularly in the light of the debt problems that we run into in various parts of the world, not so much in this part of the world as others. Part of the debt problem results from an attitude toward foreign equity investment that, seems to me, needs to be changed. It results from an attitude that says when you want to attract resources from another country to come to your country and help in the development of it, you should borrow the money, rather than attract it as equity. And countries did that and did it to excess. So, when they ran into rough weather, as always happens with world economy -- it has its ups and it has its downs -- they found themselves debt-heavy, and the debt was very difficult to carry, whereas, if the proportion of the resources drawn in from outside were heavier in equity, then the equity, so to speak, carries itself. There is no obligation to pay interest or to pay it back. It's there to participate, and of course it's there as risk capital and hopes to profit well from that posture. So, I think that, just as companies have historically had to look to their debt equity ratio, one of the lessons that we should learn from our experience of the last few years is that countries, too, need to look at their debt equity ratio. And this to my mind is an additional reason why it's healthy to bring in equity foreign investment. It gives you greater protection in the sense during periods that are inevitably going to come when everything isn't booming.

Q: In your opinion, there should be some kind of continuity of foreign investment. In your meeting with American businessmen this morning, did anyone bring up any fears, or are they generally satisfied?

SECRETARY SHULTZ: They are generally satisfied. No one is perfectly satisfied, so there are always things that they would like to see done. There are two things in particular that are being discussed with varying degrees of urgency, both following the Prime Minister's visit to Washington. One is an investment treaty, and the other is some discussions that are re-starting on a tax treaty. Now, both of these two things would help in just the way that I cited. An investment treaty would tend to set out the rules of the game as understood between the two countries. And a tax treaty would set up a regime that basically avoids double taxation and makes clear, as between the two countries, which country is going to tax what kind of earning and the individual enterprise. Then those are the rules of the game. As we all know the tax element in any investment is a very important one. So those are the two particular suggestions that are being discussed, and we hope that those discussions would progress well.

Q: The Olympic Council of Malaysia, and the Olympic Council of South Korea, and a number of countries have been receiving letters allegedly from the Ku Klux Klan threatening athletes who are going to the L.A. Olympics. Has the U.S. Government investigation shown whether it is from any particular country or source and could you comment on this?

SECRETARY SHULTZ: I have just heard about these letters from the Ku Klux Klan, -- or allegedly from the Ku Klux Klan -- and they are of such a nature that it is hard to believe they were actually sent by any such organization. And the sentiments they expressed are totally unacceptable. It almost makes you wonder if it isn't a disinformation campaign of some sort. But the main point -- and they will be looked into -- but the main point is that athletes from all over the world are most welcome at the Olympics in Los Angeles. There are a record number of countries that are attending. There will be great care taken to see that the security of all is well provided for, and there is a tremendous effort being made along those lines, as well as in all other aspects of the conduct of the Olympics. Just before leaving on my trip, I met with the Olympic officials, both the U.S. and international Olympic officials, and we went over all these things. And I think that, on the whole, matters are in very satisfactory shape, and we look forward to a wonderful amateur Olympic games coming up.

Q: Sir, did you mean Soviet disinformation?

SECRETARY SHULTZ: No, I just -- we will leave it at that.

Q: There has been a lot of talk of a Pacific basin concept, something like a Pacific version of the EEC. Do you have any thoughts on it, if it's worthwhile to have some sort of common market here?

SECRETARY SHULTZ: Well, the idea of a pacific basin is sort of intuitively attractive. But I don't know of anyone who really believes that some organization like the European Community is the right sort of parallel, something that attempts to be operational in nature. On the other hand, there are many who feel that an improved way of sharing information, of identifying common problems, of developing a consensus about how they might be dealt with, and having that kind of touch between the countries of the region might be useful. We've been exploring that. Ambassador Fairbanks has been out around the Pacific talking with people, trying to gather a sense of their ideas, and it was interesting to us, and quite welcome to us, that the ASEAN countries decided to put this general idea on the agenda of the meetings that will be taking place in Jakarta, and I will be very interested to hear what their views are. But I don't think that any operating sort of formal organization, like the European Community is the odds at all. And what may emerge, if anything, is something that is much looser and more in the nature of an analytical, information sharing, consensus-building, problem-identifying kind of organization. But the area itself is going like gangbusters. It's expanding. It's very dynamic, and maybe that's a good argument for having the government stay away from anything like this. It's doing so well without the benefit of an organization. But at the same time, it may be that there are some things that could be added by a loose form of information-sharing. But this is an idea that will be discussed a lot not only in Jakarta but subsequently. From the United States' standpoint, we are very interested in taking part in those discussions.

MR. HUGHES: Thank you, Mr Secretary, ladies and gentlemen.

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PRESS
DEPARTMENT OF STATE

July 18, 1984
No. 167

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE CONCLUSION OF THE BILATERAL MEETING
WITH PRESIDENT SOEHARTO
JAKARTA, INDONESIA
July 13, 1984

SECRETARY SHULTZ: I would like to express my appreciation to President Soeharto for receiving me and also to the Government of Indonesia for the very fine way in which it is hosting this ASEAN dialogue-partner meeting. It's been an interesting and worthwhile meeting -- it's still going on -- and I'll have a chance to meet myself with all of the ASEAN Ministers this afternoon. But it's been done very well and, of course, here it's been a special privilege once again to visit with President Soeharto not simply about United States-Indonesian matters, which are basically going along well, but also about questions of world importance and to have his views and reflections on them.

QUESTION: Sir, did you talk about U.S.-China relations? Did he express any concern about the government sales to China?

SECRETARY SHULTZ: No, the question of weapons sales to China didn't come up, but, of course, I have made the statement to him, as I have publicly, that the United States regards its relationships with Indonesia and with the ASEAN countries as the center of gravity of its interests in Southeast Asia, and our relationships with other countries are not taking place in any way that would compromise the importance of our relationships here and throughout Southeast Asia.

QUESTION: Has there been any decision yet on increasing aid to the resistance forces in Cambodia?

SECRETARY SHULTZ: Well, the question of Kampuchea and all the matters related to it -- the resistance, relief problems, refugee problems, -- all have been under active discussion, and the United States always had the attitude that we want to understand the ASEAN views and support them. And that is the position that we're in and we certainly want to do our share.

QUESTION: Sir, did you discuss the (inaudible) progress (inaudible) with the President?

SECRETARY SHULTZ: Well, questions of human rights are always questions of great importance to Americans, and we have the view that we should be concerned about them and we should discuss them privately, and in my visit to Indonesia (inaudible). That's about all I can say.

QUESTION: Do you sense any disappointed feeling Indonesians have upon the recent (inaudible) between Indonesia and the United States?

SECRETARY SHULTZ: Well, I feel only the greatest warmth and good feelings about the relationship between Indonesia and the United States. Certainly, the United States view toward Indonesia is a very positive one across the board, and every indication I've had in my visit here and in my many discussions with Foreign Minister Mochtar and in other visits here, for instance by Vice President Bush earlier this year, suggest to us that the feeling is mutual and warm and that the relationship between our countries is very good.

QUESTION: Thank you.

PRESS
DEPARTMENT OF STATE

July 19, 1984
No. 168

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
ANZUS COUNCIL DINNER
WELLINGTON, NEW ZEALAND
JULY 16, 1984

Mr. Minister, Mrs. Cooper, my Cabinet colleagues from New Zealand and Australia, and friends:

I would like to express my pleasure at being here in Wellington and my honor at representing the United States at this thirty-third ANZUS Council meeting. All of us are grateful to you, Warren, and to all others involved in the arrangements, for your thoughtfulness and your hospitality.

I realize, with some sense of astonishment, that it is now forty years since I first came to the western Pacific, as a member of the United States Marine Corps. One place where I saw action was the Island of Peleliu in the western Carolines, which we Marines, with a bit of help from other services, managed to liberate from enemy control after a bitter struggle. That battle alone convinced me that the western democracies should take certain measures after the war: measures to make certain that we would never again be caught by surprise, that never again would we have to fight from a position of disadvantage to protect our liberties and those of our neighbors against the aggression of totalitarian states.

Many of my comrades-at-arms reached the same conclusion. It was that sort of thinking -- in New Zealand, in Australia and in the United States -- which gave birth to ANZUS. The considerations which led us to establish the Alliance so many years ago continue to apply. Many things have changed in the world since the Treaty was signed in 1951, but our determination to protect our freedoms has not. ANZUS has helped to keep this part of the world a bastion of freedom;

several new and small states have come safely into being and have been able to join us in the tradition of democracy. The very success of ANZUS should not become a rationalization for allowing the Alliance to wither.

On the contrary, all of us, I believe, should continue to work for the health of the Alliance in the same fine spirit that has existed over these past thirty-three years.

We have made a good start in our meetings today, and I am certain we will continue on the same path tomorrow under the able chairmanship of our host.

PRESS
DEPARTMENT OF STATE

July 19, 1984
No. 169

REMARKS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE LUNCHEON FOR
ANZUS COUNCIL
WELLINGTON, NEW ZEALAND
JULY 16, 1984

It is a great pleasure for me to welcome Foriegn Ministers Cooper and Hayden and the members of their delegations to our Embassy. I believe our first session this morning went very well, and I look forward to continuing in the same spirit during the remainder of the Council meeting.

We of course have had a very close partnership with the existing and all previous New Zealand Government and, in the spirit which has characterized our dealings with New Zealand over many years, we hope to continue in partnership with the new government.

My visits to Australia and New Zealand come at a time when the continued strength of the Alliance has never been more critical to stability in the Pacific. Soviet naval activity in the Pacific, supported by the growing Soviet air and naval presence on the Pacific rim, continues to increase, probing for weak or vulnerable areas into which it can expand. Our ANZUS solidarity, I believe, has been critical to the failure of the Soviets to project their influence into the southwest Pacific, particularly among the new island states of the region.

But should the ANZUS resolve ever weaken, should we ever allow our attention to be diverted from potentially destabilizing activities by indecision or a belief that opting out of the Alliance will decrease the dangers we might face, then I believe we will have handed our adversaries a windfall by default. Our unity is the best deterrence we have, the least expensive and most effective way we have of convincing any

potential adversary that we will always stand together. That is why we stand together, just as the U.S. stands together with our European Allies in NATO. Both Alliances are communities of nations, bound by shared democratic traditions, which have voluntarily linked their peoples and institutions into a strong chain of deterrence against anyone who would dominate us. But as with any chain, we must ensure that all the links are sturdy and in good repair.

And I think that is why we are here in Willington these two days, reviewing, as we have every year for 33 years, our Pacific end of the chain, to ensure that we understand each other and our views on mutual defense and other important global
and regional matters. But equally important, we meet to deepen that sense of mutual trust which has always characterized our relations and without which any community of nations united to seek a common goal cannot survive. I am optimistic that we will succeed.

In that spirit, I would like to propose a toast to Her Majesty, Queen Elizabeth II, Queen of New Zealand and of Australia.

PRESS
DEPARTMENT OF STATE

July 19, 1984
No. 170

AS PREPARED

ADDRESS BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BEFORE THE
HONOLULU COUNCIL ON FOREIGN RELATIONS
HONOLULU, HAWAII
JULY 18, 1984

Asia-Pacific and the Future

To understand the future, you must understand the Pacific. I came to this conclusion in the course of many trips to Asia and the Pacific as a private citizen, and five trips to the region as Secretary of State have strengthened my conviction. In economic development, in the growth of free institutions, and in growing global influence, the Pacific is increasingly where the action is. As important as it was a few years ago, it is more important today. And it will be even more so tomorrow.

Americans welcome this. We see in the growth of this region a vitality that promises a better future for all. When President Reagan addressed the Japanese Diet last November he said, "For my part, I welcome this new Pacific tide. Let it roll peacefully on, carrying a two-way flow of people and ideas that can break down barriers of suspicion and mistrust and build up bonds of cooperation and shared optimism."

Hawaii, our gateway to the region, offers vivid and dynamic evidence of America's role as a great Pacific nation. Here the historical westward movement of our population has been enriched by the growing diversity of talented immigrants, including so many of Japanese, Chinese, Filipino, Korean, Pacific Island and other Asian origins. Our security, as symbolized by the silent testimony of the Pearl Harbor memorial, is inextricably bound to these islands and to events throughout this portion of the globe.

And Hawaii, like our nation as a whole, enjoys a rich flow of two-way investment and trade with Asia and the Pacific. While our trade with the rest of the world last year grew by only one-half percent, trade with this region grew eight percent, reaching $135 billion. That means that over one third of our total world trade is done with Asia and the Pacific -- and it exceeds by nearly a quarter our overseas trade with any other area.

Only a few years ago people said that America's interest and America's presence was receding in Asia; they said we were pulling back. Well, in the last few years we have turned that around, and all kinds of people recognize that fact. As the authoratative Chinese journal, International Studies Research, put it, "1983 was a year symbolizing the return of the United States to Asia."

As we look around the region, we see good news in many places, good news for American interests and good news for the people of the Asian-Pacific region. A fresh and confident American foreign policy approach is in tune with the dynamism of the region and has helped foster a string of success stories. Let me run through a partial list:

Japan

The U.S. - Japan relationship has emerged as one of the most important in the world.

Today our excellent relations with Japan are particularly reinforced by the warm personal relationship between President Reagan and Prime Minister Nakasone, who have met together four times in just the last year and a half. It is a far cry today from 1960 when the first American Presidential visit to Japan was cancelled because of anti-America rioting.

During the President's visit to Tokyo last fall, and in intensive efforts since then, we have worked cooperatively with the Japanese to achieve more equitable access for U.S. products to Japan's markets, with solid results in the areas of computers, telecommunications equipment, semi-conductors, agricultural products and many others, as well as access to Japan's important financial markets. Much remains to be done, but there is a record of solid accomplishment.

We have expanded our cooperation with Japan as it has become one of the principal donors of economic assistance to the Third World, not limited to the Asia-Pacific region, but including such key countries as Egypt, Turkey and Pakistan. And Japan is now taking a new and helpful role in the Caribbean.

Japan's new and more active diplomacy has brought a stronger common interest in arms control. At the Williamsburg Summit hosted by President Reagan, Japan participated for the first time in a joint statement on arms control and security -- and did so again at the London Summit last June.

Although there is more that Japan needs to do, America has benefited from Japan's increased defense capabilities and deepened cooperation with us. Japanese support for U.S. bases in Japan, for example, now exceeds $1 billion -- or more that $22,000 for every U.S. serviceman stationed there.

China

Relations with China are more solid and stable than ever. We have freed ourselves of exaggerated fears and unreal expectations, and we are focusing on the significant interests our countries have in common.

Last year President Reagan decided on a major liberalization of high technology trade with China. This move offers significant trade prospects for American exporters and acknowledges our interest in participating in China's economic modernization.

We have smoothed the way for economic interaction between our two very different systems by negotiating agreements on important issues like taxation of foreign businesses, textiles, civil aviation, and industrial and technological cooperation.

China's Minister of Defense and ours have had an important exchange of visits. Careful discussions have begun on ways in which American technology and equipment might better enable China to counter Soviet military intimidation. This is an important development, but it is also an area where we give careful consideration to the concerns of our allies and other friends in the region. During those frigid years when we had no contact with China, we were much criticized. Today we are able to play a constructive role in China's modernization and changing relationship with Asia.

And, for the first time since normalization, an American President has visited China. President Reagan's trip made an important contribution, not only because of the warmth of the reception and the substance of the discussions, but also by the candor and directness with which the President addressed our concerns as well as our hopes.

Throughout our recent development of the U.S. - China relationship, President Reagan has insisted that we not harm our old friends in the course of making new ones. Our relations with the people of Taiwan, although unofficial, are warm and steadily expanding. Last year our two-way trade with Taiwan passed the $15 billion level.

Korea

Korean confidence in our commitment to their defense was shaken by President Carter's planned withdrawal of U.S. troops. The effects throughout Asia were profound. Today, their confidence has been substantially restored, bolstered most recently by the President's visit. Our policies in support of South Korean statesmanship helped the region to survive the shock of the Rangoon bombing without escalation to far wider violence. In the past, such an event might have led to war. Today, however, we have helped build a safety net of supportive ties and mutual confidence that is a major factor for keeping the peace.

Bolstered by confidence in its security, the Korean economy has been booming, growing 9.3 percent last year with inflation of only 0.2 percent. Our exports to Korea for just a single year now exceed the entire total of economic aid we gave Korea from 1946 until the program ended in 1981. Korea's annual purchases of military equipment from the U.S. are more than half again as large as the military sales credits we provide each year. Korea, in short, is bearing the lion's share of its own defense and is paying its own way.

To emphasize the importance we attach to Korea, President Reagan within weeks of his inauguration met with President Chun Doo-Hwan.

Since the release of a prominent opposition figure in early 1981, we have seen important relaxations of authoritarian controls in South Korea, including the release of many more political prisoners, the reduction of restrictions on political activity, and the removal of police control from campuses. Much remains to be done, but even gradual steps toward liberalization are not easy for a country in a virtual state of war, one whose survival depends on maintaining political stability.

We regard as particularly significant President Chun's declared intention to turn over power peacefully when his term ends in 1988, for only where peaceful change is routine can genuine political stability prevail.

Southeast Asia

I have just returned from the annual meeting of ASEAN -- The Association of Southeast Asian Nations -- whose work is of the greatest importance to our overall Pacific policy. Each of the nations of this remarkable regional group - Indonesia, Malaysia, the Philippines, Singapore, Thailand, and most recently Brunei -- has a unique importance. They are diverse in almost every respect except in their common commitment to the peace and economic development of the region. Collectively they represent almost 300 million people with a combined GNP of over $200 billion, a figure that has been growing by more than 7 percent annually during the whole decade of the 1970's.

Having just met the Foreign Ministers of these six nations, I can confirm that this is one important part of the world where the United States is respected and where our attention to their problems is appreciated. These countries are understandably nervous that their interests may be affected by our dealings with their giant neighbors to the north, China and Japan. But a look at our record cannot but be reassuring; our cooperative involvement with ASEAN and similar nations of the Pacific demonstrates our shared concern about their problems and our moral commitment to their integrity. Certainly we have a big stake in their continued success. Our trade reached $23 billion last year, making ASEAN America's fifth largest trading partner.

We also are gratified by ASEAN's success so far in forcing the world to address the problem of Vietnam's occupation of Kampuchea. ASEAN has developed and won support for a credible political strategy for a peaceful settlement. They have steadily built up the strength of the resistance, though we share their concern that the non-communist resistance has not grown as fast as the Khmer Rouge, an organization that we all abhor.

We have benefitted from the role of the ASEAN countries in providing first asylum for 1.37 million refugees from Indochina since 1975, and we are proud of our own role in providing permanent resettlement for 650,000 - almost half of the entire total. It is one of the great humanitarian achievements of our time, and one by which our own society has been enriched as well.

This is a success story, but it is a tragedy too. And beyond that, it is a lesson to be learned. Let us not forget that many of our friends in southeast Asian supported our effort in the Vietnam War. They told us that, as Prime Minister Lee Kwan Yew did, for example, that if we faltered in our purpose, the peoples of Indochina would suffer and their neighbors would feel the threat come closer. They told us there would be oppression and suffering. They told us there would be boat people. And they were right.

Finally, the ASEAN countries have played a substantial part in furthering a subject of the highest national priority: a full accounting of our POWs and Missing in Action in Indochina. Some progress has been made.

The recent return of the remains of eight Americans from Vietnam is a significant and welcome event, but there is much more to be done. Just last February we received a promise from Vietnamese authorities of accelerated cooperation in accounting for missing Americans, along with agreement to resume the technical meetings which provide valuable opportunities for exchanging POW/MIA information. We are pleased that the Vietnamese have recently agreed to have a technical meeting in Hanoi in mid-August and we look forward to accelerated progress on this most important issue.

ANZUS

In the South Pacific, the focus of our policy is our ANZUS allies, Australia and New Zealand. These are countries that share with us proud traditions of democratic freedom and a willingness to bear the cost of preserving those values. It is significant that these two allies have fought by our side in all four major wars of this century. If we have the courage and the vision to keep this and our other alliances strong, we will have done much to ensure the peace we now enjoy.

We recognize that managing a democratic alliance requires mutual counsel as well as mutual obligations. It is for this reason that

we have taken ANZUS country views seriously into account in formulating our arms control provisions. Arms control, in fact, was an important agenda item in our meetings which concluded on Tuesday in Wellington.

We have been rewarded with a corresponding sense of cooperation and responsibility. For example, when the Labour Party took office in Australia a year and a half ago, they began a searching and serious debate on the risks and benefits of ANZUS. The result of their thorough review was a firm reaffirmation of the value of the alliance and a renewed commitment to it.

With the recent election in New Zealand, we are ready and willing as always to work with the new government and review with our New Zealand allies the profound basis and mutual benefits of our alliance. Indeed, my recent trip enabled me to meet with the new Prime Minister, Mr. Lange, even before he took office. We are confident that an open-minded and thorough look at our alliance will result in a reaffirmation of the importance of an effective ANZUS for the peace of the region, and the world. ANZUS is, after all, not simply an isolated alliance for the defense of one portion of the globe, but part of a broader network of relations that together help to hold in check a global threat. In today's world, a threat to any one region can become a threat to us all.

The Pacific Islands

The United States is working, along with our ANZUS allies, to support freedom and development for the many peoples of the South Pacific. Some will seek fulfillment in independence and others in association with larger states. Last year the United States Senate ratified four treaties resolving old claims disputes between the United States and four small island states. This year the President has submitted the Compacts of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands for Congressional approval. We are working with the island states on agreements to regulate tuna fishing and to control the dumping of nuclear waste in their areas.

On a personal note, I stopped at American Samoa on my way here. I was there briefly, in Pago-Pago, during World War II. I have never forgotten those people, their pride in their traditions and their aspirations for the future. It was great to go back. They are proud today to be Americans, and we are proud that they are one of us.

I have given you a catalog of successes. There are of course, plenty of problems. The Rangoon tragedy reminds us of the depth of North Korean viciousness and the ease with which that peninsula could again become an arena of violence. In the Philippines, despite progress made in recent elections towards restoring democratic processes, major economic and political problems continue. Throughout the region the threat of growing protectionism threatens all our trade, and the tragedy in Indochina goes on.

Other problems lie just below the surface. In many places economic progress is fragile. Tensions among ethnic groups within countries, and territorial disputes between countries are a constant worry. The region still has one of the highest concentrations of military forces anywhere in the world. Thus, even the most heartening success stories cannot be taken for granted.

But the forces for success are profound and I am optimistic that success will keep the upper hand. When room is left for individual initiative, peoples and nations will prosper. When democratic progress can be made peacefully, stability will follow. When nations turn to peace, dialogue replaces diatribe and the good will of their peoples will carry the day.

Freedom alone can work miracles. But in a region filled with historic animosities, threatened by heavily armed totalitarian powers, slowed by the need to gather skills and resources, and, in many cases, only gradually adopting democratic processes, sound policy is a vital ingredient.

The U.S. Role in the Pacific

The Pacific region has benefitted from the mature leadership of many of the countries I have mentioned. But it has also benefitted from the sound diplomatic, economic, and defense policies of our own country.

I am optimistic because I am confident that a strong U.S. role will continue. Most of the success we have seen is the result of the growing strength of the countries of the region themselves. But crucial as this may be, America's role has been singularly important and must be carried forward.

Diplomatically, we are often the country with which others can work best. Our recovery is in many ways the engine of economic growth for the entire region. And our military strength provides the indispensable deterrent essential to maintaining stability and confidence among our friends. America's interests in the region and the interests of our friends require a strong and permanent U.S. presence in every area of the Pacific.

The three keys to sound U.S. policy in the region, therefore, are a free and open world economy, a solid deterrent posture, and an effective diplomacy. We are working hard to obtain all three. To put it another way, the watchwords of our policy, since President Reagan took office, have been: realism, strength, and negotiation. Let me briefly review these with you:

Realism

Realism requires us to acknowledge that economic growth lies at the heart of progress around the Pacific. It requires as well a

recognition that the single greatest contribution to the current prosperity of the Pacific region is the recovery of our own economy; indeed, the recovery of our economy has been the engine of our economic recovery spreading ever more widely throughout the world.

It is essential that we point out this reality to others. As I told our ASEAN partners, strong growth in the U.S. economy has been the major factor in their own growth. Increased exports to the U.S. from ASEAN accounted for over 60 percent of those nations' total export increase in 1983.

The achievement of sustained non-inflationary growth in the U.S. and maintenance of our open markets are of prime importance to the developing world.

Similarly, we must point out the truth about "protectionism." We in the U.S. do face protectionist pressure, and sometimes we are forced to limit the growth of imports of some products. But our economy is a genuinely open one. We are, for example, the world's biggest market for the manufactured exports of developing countries, taking over 50 percent of such exports to all industrial countries.

It is time for all to realize that President Reagan has turned the American economy toward productivity and expansion once again. We are the beneficiaries and the world's nations are the beneficiaries. This is a policy I assure you we will continue.

The U.S. economy has performed magnificently. It is a major source of our own and our allies' strength. Economic growth, in turn, is a key to both political and military strength.

Strength

No course of economic development, and no effort at diplomacy, can succeed in an environment of fear borne by a sense of weakness. The Asian and Pacific region is one of enormous concentrations of military power in the hands of regimes that have shown little hesitation to use force, either directly or as a means of intimidation, when provided with an opening. Vietnam has one million men under arms, a staggering number for a country of that size. North Korea is one of the most heavily militarized nations in the world, and it has shown no scruples about putting force to use.

Beyond the strategic missiles on land and sea that threaten the United States itself, the Soviet Union has dramatically increased its forces in the Pacific region to include over 50 divisions, 3000 modern combat aircraft, its largest fleet, and 135 intermediate range nuclear missles, poised against the acquired forward facilities at Cam Ranh Bay, and has now stationed bombers in Vietnam as well.

Fortunately, nations of the region are facing these dangers realistically and building up their own strength. As a result we have an increasingly strong ally in Korea that now bears the lion's

share of the cost of its own defense. We are hopeful that Japan will steadily move to achieve its own defense goals, which would contribute to greater stability in northeast Asia and permit greater U.S. flexibility throughout the region. And China, with which we now have a widening and maturing relationship, plays its own special role in lending stability to the region.

Only a few years ago, our own position of strength in the Pacific region was in question. No more. President Reagan has made it clear where we stand. And our forces in the Pacific have new muscle.

Our presence in Korea is critical to preventing another war in that peninsula. In the vast reaches of the North, Western and South Pacific our navy is an essential element of stability. Two of our most important military facilities -- Subic Bay and Clark Air Force Base -- are in the Philippines. Guam has large and vital air and naval bases. On Okinawa our Marines are forward positioned and we have there, as well, an air division equipped with the most sophisticated F15 and the AWACs. Our alliance with Australia and New Zealand has been a steady force for peace throughout its 33 years.

Make no mistake; the U.S. is committed permanently to the Pacific, and President Reagan's program to restore America's defense capabilities is giving us the wherewithal to carry out the commitments and perform the tasks essential to peace. We shall not shirk from that role as others take their place beside us. We seek the increased strength of our allies not as a substitute, but as a complement to our own efforts.

Diplomacy

But a sound economy and a strong military commitment are not enough. Nor can they provide stability and confidence by themselves. They must be accompanied by an active and creative diplomacy and a willingness to negotiate.

It is through diplomacy that we have forged security ties with our democratic ANZUS partners, Australia and New Zealand. It is diplomacy that last week brought together in Jakarta the disparate group of ASEAN nations in their remarkable annual session of give and take, and enhanced economic cooperation. That cooperation has gone beyond the economic realm to devise a strategy to deal with Vietnam's occupation of Kampuchea and support for the non-communist resistance.

And it is through diplomacy that we build for the future.

On this trip, which I conclude today, we began small but potentially far-reaching steps. In Jakarta, I signed a memorandum of understanding on investment issues with Indonesia. This is only a first such agreement in this field, but it means we may contemplate an eventual investment treaty and, even in the far future, build toward a general agreement on investment to parallel the GATT.

In a similar vein, during this trip the general subject of the Pacific Basin was addressed formally by a group of governments for the first time. Initial discussions will have a specific focus on human resources development. This is only a start, but its implications for the years ahead could be great.

Finally, it is diplomacy that enables us to deal with the world as it is. Our economy flourishes best in conjunction with others who understand the benefits of the free market and put it into practice. Our military's mission is to defend us from those who do not wish us well. But it is through diplomacy and negotiation that we are able to foster our interests with adversaries as well as friends. Here in the Pacific we value our close association with our fellow democracies and with others who share our goals. We also engage and work constructively -- and often to mutual advantage -- with those whose view of the way to organize political and economic life is quite different from ours. Thus it is through this third pillar of our policy that we have the best hope of forestalling conflict and solving problems before they threaten to overwhelm us.

I have portrayed a scene of success today. It is undeniable. The Pacific and the future are inseparable. I believe that there is no more remarkable story of progress and no greater source of optimism than here in this region. But I have also called attention to the continuing challenge ahead and to the ways we are moving to meet it. There are problems. But we have a lot going for us -- not created by luck or chance but by our own endeavor and our own vision. My message today is simply this: by our performance, by our strength, our diplomacy, let us encourage this tremendous momentum toward peace and development.

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PRESS
DEPARTMENT OF STATE

July 20, 1984
No. 171

PC No. 14

PRESS CONFERENCE
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
PARLIAMENT HOUSE
CANBERRA, AUSTRALIA
JULY 15, 1984

SECRETARY SHULTZ: Well, first, I want to express my appreciation for the great hospitality shown me here by the Prime Minister, and the Foreign Minister and others in Australia. We had a very fine working dinner, and a lengthy discussion last night, and again this morning a brief private meeting with the Foreign Minister. The meeting this morning will continue on, so we want to, all of us, express our appreciation for this mark of cordiality, and of course I'll be meeting with the Foreign Minister further in New Zealand when we get there tomorrow.

QUESTION: Mr. Shultz, the New Zealand Labour Party abides by its policy in banning nuclear ships from New Zealand waters. Does this mean the end of the ANZUS Treaty?

SECRETARY SHULTZ: Well, I had the chance to talk briefly on the telephone with the newly-elected Prime Minister, and I expect that we will have a chance to meet. He said that he was going out of his way to come to Wellington and we will have a chance to discuss the situation. There's a very warm feeling between the people of the United States and, I think, the people of New Zealand, and we will work at the situation. I don't want to prejudge it.

QUESTION: This morning, Mr. Secretary, David Lange said on TV that his government would implement his party's policy on banning U.S. warships carrying nuclear weapons from New Zealand ports but he said he did not believe that that would jeopardize ANZUS. Would you accept that view?

SECRETARY SHULTZ: As I said, I will have discussions with him. We'll have a meeting of the ANZUS group and we'll make our statements as we go along in that setting. I don't want to prejudge the situation.

QUESTION: But do you express concern over that New Zealand Labour party policy, whether or not it's put into effect? Do you express concern of the policy itself?

SECRETARY SHULTZ: ANZUS is an alliance. It is an alliance in the light of the fact that the basic values of freedom, liberty, and the rule of law are shared by Australia, New Zealand and the United States, among other countries in the world. And so we recognize that there are threats to these values and that we have to deter these threats. And that is essentially the basis for this alliance. Now for an alliance to mean anthing it has to be possible for the military forces of the respective countries to be able to interact together. Otherwise it's not much of an alliance. So these are matters that we'll discuss and, nevertheless, I think that's just a statement of fact.

QUESTION: Would you be asking for Mr. Hayden to perhaps use whatever influence he has on the New Zealand Labour Party to see the reality of the ANZUS Treaty?

SECRETARY SHULTZ: Well, Mr. Hayden and the Prime Minister, of course, will express themselves from the standpoint of the Australian view of matters and we'll express the U.S. view of matters, and I think that there's a great deal of good will on all sides of this issue, and we'll have to proceed and see what we can work out.

QUESTION: If the New Zealand Government does ban the warships can we expect to see more of them here in Australia?

SECRETARY SHULTZ: I don't want to bite on the continued speculation. I want to talk with the new leader in New Zealand and we will work our way along on these issues. I don't want to engage in excessive speculation.

QUESTION: Mr. Shultz, do you expect to be able to resolve the issue during the period of the ANZUS talks?

SECRETARY SHULTZ: Well, I think, first of all, the ANZUS talks take place among the governments that are in place in the United States, Australia and New Zealand. We will have a chance to meet with members of the new government but it hasn't formed itself yet and so this ANZUS meeting, I think, comes at a good time in the sense that it affords us an opportunity to meet with a new government, but it is the old government that will be the government in place for this meeting.

QUESTION: Mr. Secretary, as you've been aware, the Labour Party's National Conference in this country has taken the decision to stop homeporting of American warships in Australian ports. Is that a matter of concern?

SECRETARY SHULTZ: We think that the way in which the ship visits and other aspects of our relationship with Australia are, they are basically in very good shape and we have no problems.

QUESTION: Would the United States be contemplating changing the arrangements whereby it makes regular use of Australian ports, particularly the Port of Fremantle in Western Australia, as a result of the decision that was taken last week by the Labour Party Conference?

SECRETARY SHULTZ: As far as I can see from the discussions that I've had here, and we'll continue them, of course, the U.S.-Australian leg of the ANZUS relationship is in very good shape. We have a strong sharing of common values and a sense of the importance of succeeding in maintaining stability in the world and a place where these values can fluorish We share a common view that we must maintain a deterrent capability.

QUESTION: Do you think that this year's ANZUS talks are slightly irrelevant, given that they are taking place with Mr. Muldoon and Mr. Cooper? Shouldn't we really be discussing it with the new Labour Government?

SECRETARY SHULTZ: Well, I think it has fortuitously turned out to be a good time to have this conference because it gives us an opportunity to talk with a new government and to hear their views and to express our views so that these matters can be considered before the new government takes office and starts to take positions as a government. So I think that it's really a good time to be present in New Zealand and it gives us a chance

to be part of this transition that's under way.

QUESTION: Mr. Secretary, is the U.S. worried about Australia's depleted defense capabilities and does the U.S. believe that the balance of power in the ASEAN region could be destabilized because of a lack of defense direction from Australia?

SECRETARY SHULTZ: Well, we think it's important for all the countries in the various alliances that we have to be looking to their defense capabilities and seeing that they are properly attended to. And, of course, we struggle with that within the United States. President Reagan has wanted to restore the military balance and that has meant spending a lot of money and on the whole that has gone along successfully. We have had some disappointments in the appropriations process but there has certainly been a major change in the United States defense posture. We work on this same problem with our NATO allies. We talk about it, the responsibilities of the Japanese and so on. So I think it's a general proposition that we have to be looking to our defense capabilities and the same is true from the standpoint of Australia. I might say that we all recognize, on the one hand, that the nuclear side of strength is a key element in the deterrent and at the same time we recognize the importance of strength in conventional forces and the importance of conventional forces to the nuclear deterrent. It is the case, at the same time, that conventional forces are expensive and so that fact means that as you recognize the significance of improvement in conventional capability; you also have to be recognizing that it's going to cost you some money.

QUESTION: Sir, does that mean you are concerned about Australia's (inaudible) defense capability?

SECRETARY SHULTZ: We are concerned about anything less than adequate all around the world, including with ourselves, and so we are trying to bring about -- others are working with us -- attention to what the capabilities are. And I don't single out any one country. I just say that we all need to be looking to our capabilities and strengthening them; recognizing, ironically, that it is through strengthening them that we lessen the chance that they would ever be used.

QUESTION: Does the United States regard Australia's defense capabilities as adequate or not?

SECRETARY SHULTZ: Well, we have an alliance with Australia, as I have said, we feel that there is work to be done on the part of the United States, on the part of Australia, on the part of NATO, on the part of Japan, on the part of people who are

standing for freedom and democracy all over the world. We have to be ready to defend these values and having strength is the best insurance that we can have that the strength will not need to be used. So it isn't simply a problem for Australia. It's a problem for all of us, and all of us working together in our respective alliances.

QUESTION: Mr. Shultz, are there any circumstances under which --

SECRETARY SHULTZ: I think that if there are others that want to ask questions I'll see if --

QUESTION: Mr. Secretary, Congresswoman Ferraro has charged that President Reagan cannot claim one single foreign policy success. I am wondering if you would like to respond to that?

SECRETARY SHULTZ: Oh, I'm not going to get into a debate with Congresswoman Ferraro, but I think that, as a general proposition, the standing of the United States in the world has been immeasurably strengthened during the Reagan Administration. Here we are in the Australia-New Zealand area, and having just come from a meeting with the ASEAN countries, and earlier this year the President has visited Japan and Korea and China, so if you look at this part of the world, we have very strong relationships here. And the same can be said as you look around the world more generally. So there are many problems, they are being addressed in a strong and creative way, and I think the United States is in very good shape.

QUESTION: Mr. Shultz, this is what they call in American journalism a so-what question. If the ANZUS Alliance is not functioning effectively, what difference does it make beyond the shared values and so forth?

SECRETARY SHULTZ: Well, shared values and so forth are not a so-what question. The importance of freedom tends to be taken for granted in the United States, in Australia, in New Zealand, in many parts of Europe, and in places that have had it, and consider it normal, like breathing the air. But it's very dramatic to talk to people who are in a country that hasn't had it. For example, this past year, I've had a chance to visit with the leaders of Spain and Portugal, and particularly I remember visiting with Prime Minister Suarez just as he returned from the inauguration of President Alfonsin in Argentina. And he was commenting upon how wonderful it is to have freedom. So, I think that freedom can't be put down as a so-what proposition. It needs to be attended to everywhere, and people need to address themselves to the importance of this value, and the fact that it is under attack, and if we're going

to keep it, we have to be ready to deter aggression against it.

QUESTION: Are you suggesting that if the ANZUS pact is not effectively working, Australia and New Zealand would lose their freedom?

SECRETARY SHULTZ: It is part of an overall proposition, and the all-or-nothing approach suggested by your question, I don't think is appropriate, but at the same time, if we lose some deterrent capability, that increases the margin for error, and we shouldn't do it.

QUESTION: There are reports from Washington, somewhat ambiguous, that the U.S. has told the Soviet Union in regard to these discussions on space weapons that it would be prepared to delay these talks until after the elections if that suited the Soviet Union. Can you amplify this in any way?

SECRETARY SHULTZ: Well, the Soviet Union suggested that these talks take place in Vienna in the middle of September, and we have said yes, we'll be there. There have also been lots of questions raised by them, and they keep talking about our election. We don't talk about our election, we talk about the importance of arms control at any season of the year. So we don't want to delay these talks, but if for some reason they can't conveniently be arranged at the time set, and there's a desire to somehow have them take place after the election, then they'll take place after the election. But our desire is to have them take place in September, as was originally set, but we're not going to sort of hang on that. On the contrary, our interest is in getting them going, and getting them going in a constructive way as soon as possible.

QUESTION: Mr. Secretary, our Foreign Minister just returned from Moscow a month ago. Did you discuss that with him and, if so, did you gain any useful perceptions or information?

SECRETARY SHULTZ: Well, the Foreign Minister had a very interesting trip to the Soviet Union, not just in Moscow, and he provided us a good read-out from the trip after it was completed, and then I've had a chance to talk with him further about it on this visit, and I hope that I'll have chances for some further exchanges as we're together over the next few days, and I think it's a very valuable thing that he went, and got his own impressions and was able to provide those to us. It's part of the continuing dialogue, you might say, of the West with the Soviet Union. And each piece of it is of importance, and his visit was quite a worthwhile one, and we're very grateful to him for being willing to share with us his own thoughts and his experiences there.

MR. HUGHES: Last question.

QUESTION: Mr. Secretary, while in Jakarta, did you raise the question of human rights in principle?

SECRETARY SHULTZ: Yes.

QUESTION: Did you present a letter to the Indonesian Government from your U.S. Congressmen expressing concern about human rights? If not, why not?

SECRETARY SHULTZ: I'm from the Administration, and I expressed our concern and there are also things that we are trying to do that we think are helpful on East Timor, and we believe that the best way to be helpful and to try to make a constructive contribution is to do it quietly in diplomatic channels and at the same time be ready to do things that may help people in East Timor and provide access to the situation, and those are the lines along which we have been working.

QUESTION: Can you give any indication of what sort of things?

SECRETARY SHULTZ: My boss tells me it's time to go.

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PRESS
DEPARTMENT OF STATE

July 23, 1984
No. 172

INTERVIEW OF
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
BY BERNARD KALB
ON NBC-TV "TODAY SHOW"
JULY 23, 1984

QUESTION: If the opposition Labour Party wins in Israel, what are the implications for the U.S.?

SECRETARY SHULTZ: Well, of course, the election is on and we'll have to see what the result is. I think the big implication is: Here we see once again a thriving democracy and whatever the result it will be the result of a strong election with a good campaign. And I think that's the thing that we can point to right now. The results, themselves, of course, we'll just have to wait for it.

QUESTION: Do you have any major news that you're just dying to share with us?

SECRETARY SHULTZ: Well, there's a lot of news that people don't recognize as news, I guess. You and I spent the past two weeks in Asia and, from the standpoint of the U.S., what's going on in Asia and the Pacific is of tremendous importance. And it's going very well from the standpoint of the U.S., Japan, Korea, China, the ASEAN countries, the Australia-New Zealand area, or in the Pacific islands. Some of these underlying trends and developments that are going along that don't get punctuated by some daily news peg are very important and, as I said, tend not to be observed.

QUESTION: Let me punctuate a few things that are perhaps a bit more current right now. A report that the Romanian President says that the Soviet leadership is ready to resume arms negotiations with the U.S. if the U.S. stops deploying missiles in Western Europe. Do you see a shift here?

SECRETARY SHULTZ: Well, that's not particularly a shift. But that's really not the point. The point is that it doesn't make sense for them to lay down a condition for coming back to negotiations they never should have left in the first place, and to lay down a precondition that says that we have to accept the gross

inequality, resulting from the massive deployments that they've made and continue to make.

QUESTION: You don't see this as any dilution of the Soviet position?

SECRETARY SHULTZ: Not particularly.

QUESTION: Not at all. What about the Soviet proposal for negotiations in Vienna in September about outer space? Have there been any talks that have fixed those talks or is it still a blur?

SECRETARY SHULTZ: Well, I don't know that it's a blur. It's been a clear proposal on their part and we said "yes."

QUESTION: Have they said "yes" yet?

SECRETARY SHULTZ: As Mr. Howe pointed out, we came back with a "yes" very quickly and they have been having a great deal of trouble taking "yes" for an answer. And they've started to negotiate about conditions for those talks. However, there is a fair amount of diplomatic activity back and forth, and the subject is under active consideration.

QUESTION: Want to be risky for a moment and think whether we will have talks with the Soviets in September?

SECRETARY SHULTZ: There's no question about the fact that the President is ready to have those talks, and willing to have those talks, and has said "yes" unconditionally. The question is whether or not, having proposed those talks, the Soviets will really want to take part in them.

QUESTION: Is it possible for there to be a summit meeting this year, and even if there should not be talks in Vienna a summit prior to the election or shortly thereafter?

SECRETARY SHULTZ: Well, anything is possible, but I don't think it's likely.

QUESTION: To what degree do you think the Republican Party will be vulnerable in the field of foreign policy in the upcoming elections?

SECRETARY SHULTZ: Well, I think it's one of the things the Republican Party ought to be bragging about. It's been a great turnaround in the last three and one-half years under President Reagan. I just made a comment about Asia. Things are very different in Asia than they were. I think what's happened in Europe is a great triumph for the President, for the NATO Alliance, and similarly around the world.

PRESS
DEPARTMENT OF STATE

July 23, 1984
No. 173

ARRIVAL STATEMENT
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
JAKARTA, INDONESIA
JULY 11, 1984

Mrs. Shultz and I have been to Indonesia many times as a government official and as private citizens. It's a great pleasure for us to return again in our role as Secretary of State. We look forward to discussions with members of the Indonesian Government.

A good part of our reason for coming is in terms of the relationship between the United States and Indonesia and, also, of course, we're here on the occasion of the ASEAN Foreign Ministers meeting and their invitation to the dialogue partners to join them. It's become an annual event of great importance, and we feel privileged in the United States to take part in it.

I look forward especially to the opportunity to talk to President Soeharto. He is a world statesman, and so the chance to talk with him not only about the questions of interest to the U.S. and Indonesia in a bilateral sense, but on matters of world scope, is most welcome for me. Of course, I do have the opportunity to meet fairly frequently with Foreign Minister Mochtar, and I look forward to again talking with him and comparing notes on what is going on around the world.

I'm also grateful for the arrangements that have been made by the Government of Indonesia to allow me and my wife and our party to have a chance to visit Borobudur, which is one of the world's great sights to see; and it's something that despite my many visits to Indonesia, I've never had a chance to visit before, and I know it always tells you something about a country to see things of this kind that have such a long history in connection with that country. So I look forward to it and am eagerly looking forward to my entire visit here in Indonesia.

Thank you.

PRESS
DEPARTMENT OF STATE

No. 174
July 23, 1984

PC# 16

JOINT PRESS CONFERENCE
BY
THE HONORABLE SECRETARY OF STATE GEORGE P. SHULTZ,
FOREIGN MINISTER WILLIAM HAYDEN OF AUSTRALIA,
AND
FOREIGN MINISTER WARREN COOPER OF NEW ZEALAND
AT THE CONCLUSION OF THE ANZUS COUNCIL MEETING
Wellington, New Zealand
July 17, 1984

FOREIGN MINISTER COOPER: Thank you, ladies and gentlemen. There is really no need for me to introduce these two gentlemen -- the U.S. Secretary of State, Mr. George Shultz, and the Australian Foreign Minister, Mr. Bill Hayden.

Before I open the news conference, I should just say that as Chairman, we have had a very good discussion in regard to ANZUS. Obviously, in the circumstances one would have believed going into the conference, it was difficult to approach the issues. We did approach the issues that were before us, and I believe that it has been very beneficial. There are some issues that, as the outgoing Minister of Foreign Affairs, I did not promote or provoke. The questions that I believe you are going to ask should be substantial and directed to all elements of ANZUS; not just the particular issue that you may think is the only thing in ANZUS. However, knowing the news media, you will ask what you wish to. I now hand the news conference over to you people. Welcome. It's nice to see a big group of people trying to give to the people of the Western Alliance -- and probably the Eastern bloc -- but particularly Australia, New Zealand and America, more news of what we have been talking about here in Wellington in this rather inclement weather. Thank you.

QUESTION: Mr. Hayden? Peter Bale from the Evening Post. The Communique seems to give a fairly clear indication to the incoming Labour Government of the ANZUS partners' attitude to ship visits. What will Mr. Hawke be telling Mr. Lange, and what will you be telling Mr. Lange of the ALP's view on it?

FOREIGN MINISTER HAYDEN: I don't know what Mr. Hawke will be telling Mr. Lange. You will have to ask him, and if I discuss anything with Mr. Lange, it will be a private discussion. I wouldn't propose to discuss that publicly.

QUESTION: Would you say that you are irritated at the current Labour policy?

FOREIGN MINISTER HAYDEN: I leave the Labour Party of New Zealand to develop its own policy just as we develop ours. While we are fraternally associated to the Socialist International and have many sentiments commonly shared because we are both Labour Parties and are countries which are close to one another -- and not just geographically -- we nonetheless are quite separate and independent entities.

QUESTION: What would you think would be the effect on your anti-nuclear lobby in Australia on a nuclear-free New Zealand?

FOREIGN MINISTER HAYDEN: Well, I'm not a member of the anti-nuclear lobby in Australia. On the contrary. So it's not much good asking me what they might think.

QUESTION: Will they take strength from a nuclear-free New Zealand?

FOREIGN MINISTER HAYDEN: Well, I've just explained to you, it's not much good asking me. I'm rather prejudiced in views on that particular subject. You'd better ask them.

QUESTION: Mr. Shultz? Barry Soper, Private Radio of New Zealand. If the Labour Party does carry out its policy of banning the visits of nuclear ships here, would it be the end of ANZUS?

SECRETARY SHULTZ: We'll have to see what happens. And I think it's better to stay away from iffy questions, to state our positions clearly, and to work with the new government and see if we can't resolve the problem satisfactorily.

QUESTION: Gary O'Neill from the Melbourne Herald. In Washington last year, the treaty partners noted the importance of the visits of ships and aircraft to the treaty partners. This year all of the sudden, it is "essential." I was wondering what has happened in the last twelve months to bring about such a change of emphasis?

SECRETARY SHULTZ: I think it's just a question of people looking for different words. It's obviously essential to any Alliance that military forces of the countries involved be able to have contact with each other, and that's as true today as it has been for thirty-three years.

FOREIGN MINISTER HAYDEN: If you look at that, Gary, I think that it is referring to a nuclear-free South Pacific, and in a different context. I think if you look at what I said in 1982 when the issue of ship visits arose in Australia, when I was leader of the opposition, we made a rather unsteady start, but we established beyond any doubt what our position was within a few weeks. And that was that we recognized that as far as Australia was concerned ships visits were essential. In respect of aircraft, we allow aircraft visits. There are special arrangements in respect of B-52s. That is quite implicit in the last sentence of the second paragraph of page one. At the National Conference of the Labour Party last week, the principles I've just outlined to you were principles I staunchly presented and successfully defended. So the attitude of the Labour Party in these respects has been on the table for some time and adhered to.

QUESTION: Mr. Shultz, Geoff Kennedy from the National Times in Canberra. Between 1964 and 1976, successive Governments in New Zealand -- Conservative and Labour -- banned visits of nuclear ships. In that same period, for a considerable time, successive Australian Governments did the same thing. Why is it now, in the words of the Communique, essential to the continuing effectiveness of ANZUS?

SECRETARY SHULTZ: I don't think that your initial proposition is precisely right. At the same time, nuclear-powered ships are becoming more and more common, because it is the efficient way in which to power many kinds of ships and submarines. So they are much more important in the total fleet structure than they were at one time, and if you say you ban nuclear-powered ships, you are referring to a high proportion of the total ships. Beyond that, if you shy away from the weapon that has provided the main deterrent and has kept the peace against the Soviet Union's very large nuclear arsenal. So this is part and parcel of what it takes to keep the peace. These are peace-keeping forces and they represent a substantial fraction of the total.

QUESTION: Mr. Shultz, Norm (Inaudible), Australia. Is it or is it not essential that your ships be allowed into member nation ports for the continuation of the ANZUS Treaty?

SECRETARY SHULTZ: Of course. What kind of an Alliance is it that military forces of the countries involved are not able to be in contact with each other. Let me ask you to turn the proposition around. In my many visits to this part of the world, I'm thinking back five, six and seven years ago, people often tackled me, saying, "Is the United States ready to pay the attention to this part of the world that it should? Why don't we see more evidence of United States interest? Why don't we see more people here; why don't we

see more of your military presence here to show us that you are really involved?" You have to ask yourself what kind of an Alliance would it be if the United States said we wouldn't send our military forces to this area. The whole point of the Alliance is that it is a security Alliance. The whole point of it is that if one of our countries gets in serious trouble, as reflected in the Alliance, we will help each other. That help takes many forms but the essence of it is security, that is what it's about.

QUESTION: Mr. Shultz? Tim Birch, Radio New Zealand. There have been suggestions from visiting Congressmen that, should New Zealand ban nuclear ship visits, this could well invoke trade sanctions in the United States against New Zealand export. Is that the policy of the Government that you represent?

SECRETARY SHULTZ: No, it isn't. The ANZUS Alliance is a security and military alliance. That's what we are discussing here. The relationship between the people of New Zealand and the people of the United States is over a century and a half old. It's been a warm and deep relationship for a long time, and it will continue that way. We look forward to working in a cooperative manner with the new Government of New Zealand and any Government of New Zealand that comes along.

QUESTION: Are you able to broaden the scope of ANZUS to make it much more of an economic agreement?

SECRETARY SHULTZ: No. ANZUS is not an economic agreement in any sense. It is a security agreement. That is the extent of it -- that is the sum and substance of it -- and economic arrangements and cultural arrangements and all sorts of other ways in which our countries are in contact with each other are separate matters.

QUESTION: David Barber, Christian Science Monitor. You referred yesterday to a resolute commitment, such as that embodied in the ANZUS Treaty, to come to the defense of a valued ally. If the New Zealand Government carried out its policy of banning nuclear weapons, does that mean that the United States would no longer come to the defense of New Zealand in a controversy.

SECRETARY SHULTZ: Well, I have just said at least once that I'm not going to get involved in iffy questions. We have some problems here, and we will work at them, and I think some discussion is called for. There are a lot of aspects to this matter that need to be studied by any new government. I know. I found myself when I entered government that there were a lot of things I found out about that I didn't know when I was not in the government that represent important aspects of this relationship. So at any rate, I think what is called for here is some patience, and we'll try to work our way through these problems. I might take note of the fact that a year ago there was a new Australian Government, and we took the same approach with the new Australian Government. We had a thorough

review of the ANZUS Alliance. We had a long and searching meeting in Washington with Foreign Minister Hayden. We had discussions with Prime Minister Hawke in Washington, and I've met with him here. The problems have been worked out in a very satisfactory way. The Labour Government in Australia has adapted it to its needs, and I think it is stronger than ever insofar as Australia is concerned. We'll work at it in connection with New Zealand in the same way.

QUESTION: (Inaudible) of the AAP. You talked about review with Australia. Would you consider renegotiation as the New Zealand Labour Party's policy suggests?

SECRETARY SHULTZ: I don't think there is anything really to renegotiate about it. But certainly we wanted to stress the Alliance and what it means, what it implies, and what the various countries get out of it. And I think that such a thorough examination will lead people to the same conclusion that was reached last year -- namely, that is of tremendous benefit to all of the countries involved. After all, we are talking about the defenses of a country that is very precious. It is a very precious thing to have freedom, to have the freedom to change government by a vote, to live under the rule of law. There are a lot of people in this world who don't have those privileges, and all you have to do is talk to some people who don't have them or talk to some people who have recently acquired them, and you find out their significance and importance. And what we are talking about here is a treaty that has helped to preserve those values and extend them in this part of the world, and which has played its part -- just as the NATO Alliance has played its part in Europe -- in keeping the peace for a long period of time. This is an Alliance for peace, and it has worked.

QUESTION: Mr. Shultz, Greg Charlton from the Melbourne Sun. With the need for access by allied aircraft to airfields and ports of ANZUS member, are you looking for unrestricted access to Australian airfields by B-52 bombers?

SECRETARY SHULTZ: No, we are talking about the fact that, for example, there are re-supply flights that come in -- cargo flights, military cargo flights -- that come into Christchurch, say to resupply Antarctic stations. The same thing is true with respect to some facilities in Australia. There are B-52 training flights and through flights of various kinds. It's that sort of thing that is being referred to.

FOREIGN MINISTER HAYDEN: Can I add one note, so there's no misunderstanding. There are special arrangements in respect to B-52s, but Secretary of State Shultz should also have mentioned that we have regular joint military operations or exercises with New Zealand and the United States. They involve air units as much as ground forces and naval units. So in that sense, we've got to have

this sort of provision. Otherwise, if there were any prohibition against aircraft movements, there would be no exercises. No exercise, no military association. Therefore, there would not be in any meaningful sense for us in Australia -- and I speak only for us in Australia -- a military alliance.

QUESTION: Mr. Hayden? Mr. Smith, Australian Broadcasting Corporation. In the context of regional security, was the question of a Pacific ready-reaction force discussed? And if so, how wide was the discussion?

FOREIGN MINISTER HAYDEN: I don't know anything about a Pacific ready-reaction force, I'm afraid.

QUESTION: Bernard Kalb, NBC. Mr. Secretary, could you clarify that point? Is it that you believe the agreement is not negotiable?

SECRETARY SHULTZ: It is an agreement. And it stands on its feet. And I believe that careful examination, in a realistic and thoughtful way, of what it has accomplished -- how it works, what it means to the various countries involved -- will lead to the conclusion that it is a very good thing. But, of course, that is up to each country to determine and review for itself. It has stood the test of thirty-three years. It has stood the test of a lot of change around the world. It has stood the test of changes of government in all three of the countries involved, so it must have something good about it. And I think when you look at it carefully, the goodwill shines through very, very strongly.

QUESTION: But as far as you're concerned, a nuclear-free New Zealand means no treaty as far as we're concerned?

SECRETARY SHULTZ: I have tried to state my position on that, and I won't try to restate it.

QUESTION: Mr. Shultz, aren't you waving a big stick over a fairly small matter?

SECRETARY SHULTZ: No, I don't think liberty and freedom and the rule of law are small matters. And the defense of them is the most important thing that we have to do. These matters are the essence of our society in the United States, and I believe -- from what I know of the societies of Australia and New Zealand -- these values are highly prized. And if you say that you won't defend them, pretty soon you're not going to have them.

QUESTION: So a handful of visits of nuclear vessels to New Zealand ports is vital to the freedom of --

SECRETARY SHULTZ: If you're going to have a military alliance, then the military forces of the countries involved have to interact. They have to talk to each other. They have to know the equipment that's involved. They have to plan. They have to exercise. They have to train themselves. All these things are just commonplace, and in the end the purpose of all this is to deter aggression. There's nothing aggressive about the forces of the ANZUS Alliance. It is a defensive alliance. In order to deter aggression, it has to be a credible deterrent. And a credible deterrent is one that people know is kept up to scratch and is worked on constantly. And that's the essence of what our Armed Forces do all over the world.

QUESTION: (Inaudible), Mr. Hayden. Mr. Shultz has told us that things change once you get to government. That was your experience, particularly with the ANZUS agreement. What do you think Mr. Lange might be told that might change his mind?

FOREIGN MINISTER HAYDEN: Nothing changed since we got into government. In respect to ANZUS, we declared before we got into government that we would seek a review. When we got into Government, we pursued that. It was, as Mr. Shultz pointed out, a quite thorough assessment of the ANZUS agreement that was conducted in Washington last year. So there was a change in that respect. What happened was that with the experience that we had in government, there was a consolidation of our commitment to ANZUS. There has never been any disagreement between any of the major political parties in Australia in regard to ANZUS. Now, anything that might be discussed with Mr. Lange is something for discussion with Mr. Lange, not on the public platform.

QUESTION: Recognizing the importance of the Alliance, is it imperative that New Zealand change its stand?

FOREIGN MINISTER HAYDEN: That's for New Zealand to decide, and Mr. Shultz said much earlier that time was needed to sort this problem out. I don't have his exact words. As far as I'm concerned -- I quote the situation as Australia sees it, I am not talking for New Zealand -- there are other people to do that.

QUESTION: If New Zealand was to stand firm, would that put increasing pressure --

FOREIGN MINISTER HAYDEN: Well, you're in the area of hypotheses now and as Mr. Shultz said, he's not in the iffy business, and I'm not in the hypothesis business.

QUESTION: It's no hypotheses, Mr. Hayden, it's Labour --

FOREIGN MINISTER HAYDEN: Excuse me a minute, gentlemen. Let me tell you something. You're out of luck. I've been in this game a long time and I'm not going to be drawn in.

QUESTION: Labour has said here that they won't negotiate their position --

FOREIGN MINISTER COOPER: Excuse me a minute, ladies and gentlemen. We have been in an ANZUS Conference a day and a half. We had a very wide agenda -- East/West relationships, comprehensive nuclear test bans, disarmament, arms control, the problems of conflict in various parts of the globe, the international economic situation and I think we are starting to regurgitate exactly the same questions. Now, I do believe that if the relationships between the three countries are as we have discussed them -- last year in Washington, this year and on many other previous occasions -- there must be other subjects rather than picking away at this particular one. Because I believe that the United States Secretary of State has answered the same question four or five times, and I think that Mr. Hayden is in exactly the same situation. Is there anyone here that is slightly interested in arms control and disarmament, for instance?

QUESTION: May I ask you: are there any plans for nuclear-powered ships to visit New Zealand in the next six months?

SECRETARY SHULTZ: Well, we don't confirm or deny anything about any particular ship. And so I'll just have to stick with that policy.

QUESTION: Nuclear-powered ship?

SECRETARY SHULTZ: No, not that I know of. Admiral Crowe is here. Is that the right answer?

ADMIRAL CROWE: There are no ships in the next few months.

QUESTION: Mr. Hayden, on this issue of Australian support for the Indian Ocean zone of peace, does that mean that this will involve our projection or non-projection of power in keeping warships out of the area?

FOREIGN MINISTER HAYDEN: If you've got a zone of peace, it is highly likely that there will be no combatant ships in the area, certainly no outside ones. But we're a long way from that. We're a long way from formulating the principles that people might address themselves to all that we're working toward at the moment, which is as much we can hope to achieve as the first step, is a consensus for the littoral nations and the superpowers that some sort of conference should go ahead. And when we do that, then we can sit down and start sorting out what the agenda is and what the

principles will be. So it's going to be a long task. Now you might be impatient with that. So am I. But I can't help it. That's the experience that we're running into.

QUESTION: Was there any discussion at the Council Meeting on your proposal put to ASEAN last week for a Conference on Kampuchea to be held in Australia?

FOREIGN MINISTER HAYDEN: No, it went on the back burner. In fact, I think it may have gone over the back of the stove.

QUESTION: Mr. Shultz, are you happy that this ANZUS Council meeting went ahead, considering that the Administration that you've been taking with will be out of office next week?

SECRETARY SHULTZ: I think we should carry on with our plans. We had a very good exchange of views among us, and I think it's been quite a worthwhile meeting. It's also, I think, a good opportunity to meet the incoming government, and I was struck by the extraordinary courtesy which Mr. Lange extended to me and to Mr. Hayden in coming to the airport and greeting us. It was a very generous gesture on his part, and I'm sure both of us look forward to having a chance to talk with him before we leave. So I think in some ways, it's worked out quite fortuitously.

QUESTION: Don Oberdorfer, Washington Post. I'd like to ask a question of Foreign Minister Hayden and Secretary Shultz. Should the ANZUS Treaty become ineffective, would you seek to create some bilateral security arrangements between Australia and the United States?

FOREIGN MINISTER HAYDEN: Well, we see it as effective right at this point, and as I said earlier, I'm not in the area of hypothesis. If anything happens later on, I guess we would look at it. At this point, it hasn't happened.

QUESTION: Mr. Secretary?

SECRETARY SHULTZ: Ditto.

QUESTION: Could you tell me what happened at the Conference on the issue of French nuclear testing?

FOREIGN MINISTER COOPER: Well, we've really left that to a great degree to the forum in Tuvalu. We're aware of the situation in regard to possible moves toward a South Pacific nuclear-free zone, but I think that it might be a good idea if you directed that question to Mr. Hayden, in regard to the initiative the Australians have taken in this area.

FOREIGN MINISTER HAYDEN: We have protested regularly, in fact on every occasion there has been a nuclear test -- to the French and publicly. They continue to test. They make it clear that the program is in place and they will pursue it. I would hope that one day they will be able to carry out laboratory tests. I'm not sure how you do that -- it will be very interesting -- but until then, they will continue to test in the South Pacific. I guess that's a long time. At our recent national conference, one of the decisions taken was the decision that there would be no further exports of uranium to France while it continues to carry out these nuclear tests. That decision was effective forthwith. It involves the cancellation of contracted uranium sales in excess of $130 million. In turn, I expect that will involve a fairly substantial compensation payment from Australia. And although this is not enforceable at law, I think there's a general feeling there will be an obligation to meet it.

QUESTION: Mr. Hayden, last year our Prime Minister, our out-going Prime Minister, said that he'd been given a date as to when the French testing would end. Do you know the date?

FOREIGN MINISTER HAYDEN: No. I spoke to the French afterwards, and I got the impression that they didn't. Well, they said quite explicitly they didn't have any date in mind.

QUESTION: Mr. Hayden, you called for a report on the prospect of mainland France nuclear testing being carried out there, have you had that report back yet?

FOREIGN MINISTER HAYDEN: Well, I read that in the National Times, and the guy who wrote it is over there (pointing). He keeps telling me I told him, and I keep saying I didn't, so I've decided I'd better fix it up by putting in a request for such a report, and I did that two weeks ago.

QUESTION: Returning to the French nuclear testing question. There are some documents that fell out of the back of the Ministry of Foreign Affairs here in Wellington some weeks ago that suggest New Zealand doesn't take a very strong line in opposition to that testing. Indeed, it featured in part of the recent trade, talks as a trade-off if those documents are to be believed. Do you find that a matter for regret?

FOREIGN MINISTER HAYDEN: These are New Zealand foreign affairs documents? I don't know anything about them.

FOREIGN MINISTER COOPER: I find it a matter of regret that journalists would believe anything that fell out of The New Zealand Times. They are not authentic. They were taken by one official, in

my belief. They were given to the media. They had a slant on them, and to suggest that I, as the Minister of Foreign Affairs and Overseas Trade, had an under-the-counter deal with the French Foreign Minister or the French Trade Minister or Agricultural Minister, is absolutely nonsensical, and you should be aware of that. Thank you.