



PRIME MINISTER

* EMBARGOED UNTIL 3:00PM *

STATEMENT TO PARLIAMENT BY THE PRIME MINISTER,
THE HON P J KEATING, MP

VISIT TO JAPAN, SINGAPORE AND CAMBODIA

Mr Speaker

I take this opportunity to inform the House of the outcome of the visit I made to Japan, Singapore and Cambodia between 20 and 26 September.

This overseas visit was my third since becoming Prime Minister.

All three visits have been to Asia-Pacific countries.

All three visits have helped put a sharper focus on Australia's relations with the region.

A primary objective of each visit has been to talk with other regional leaders about how we can work together to respond to the fluid outlook in the region.

But just as importantly, I have also wanted to underline to both Australian and foreign audiences how much the Australian economy has shifted towards an international orientation, especially an Asia-Pacific orientation; how much Australia has already achieved in the region; and how much our future depends on successfully carrying forward this engagement.

More than is sometimes appreciated, the Asia-Pacific region is in the midst of a period of profound transition.

The strategic consequences of the end of the Cold War are still working themselves out.

The regional security outlook is generally favourable, but less predictable than before.

The peace process in Cambodia, which involves an ambitious role for the United Nations, confronts a serious test of its sustainability.

Fluidity in the international trading environment is increased by uncertainty about the outcome of the Uruguay Round.

Whatever the outcome of the Round, we shall probably see an increasing trend towards regional, subregional, and bilateral trade arrangements.

Regional governments are now required to develop policy responses to what could well be a rapidly evolving pattern of trade alignments.

Asia-Pacific countries also need to consider how international and regional institutions can better reflect the growing weight of the region in world affairs, and the increasing importance of intra-regional linkages.

Mr Speaker

My visit to Japan was very worthwhile in consolidating with the Japanese Government the strong community of interest we have with them in responding to these important questions.

The Australian public understands very well Japan's significance in our external relations.

Japan is the world's second largest national economy, accounting for about 14 per cent of global output.

It has been our largest trading partner since 1970.

Perhaps more than is generally appreciated in this country, Australia is also an important regional partner of Japan.

We are Japan's third largest source of imports and sixth largest trading partner.

The bilateral trade relationship, now worth around 24 billion Australian dollars, is one of the principal sinews of economic interdependence in the Western Pacific.

The close dialogue between the two governments on regional and international issues reflects the habit of friendship and cooperation that has grown up between the two countries in recent years.

Certainly, the warmth of my reception by the Japanese Government and the quality of my discussions with Prime Minister Miyazawa and his Ministers attest to the maturity of the relationship that we now enjoy with Japan.

The comments of Mr Miyazawa and his Ministers reflected, I think, a realistic view of the international scene.

There was cautious optimism that the Japanese economy would return to a stronger growth path from the end of this year.

There was a determination, which I supported, that Japan should play a more active role in international affairs.

I affirmed Australian support for Japan's permanent membership of the United Nations Security Council so that the world body can better reflect changed world circumstances.

I welcomed Japan's decision to participate in United Nations peacekeeping operations, and the opportunity this provides for our military and civilian personnel to work together in support of the Cambodia peace process.

Mr Speaker

I discussed international and bilateral trade issues with both Prime Minister Miyazawa and International Trade and Industry Minister Watanabe.

They acknowledged an uneasiness in Japanese political and business circles about the increasing trend to preferential trade arrangements.

Prime Minister Miyazawa expressed the personal view that an open and non-discriminatory multilateral trading system could be maintained despite these developments.

He made clear his government's deep commitment to a cooperative relationship with the United States, and its support for an early and successful outcome of the Uruguay Round.

In underlining the importance of the bilateral trade relationship with MITI Minister Watanabe, I said that Australia would not be party to any trade arrangement which was directed against Japan.

This commitment was reciprocated by his assurance that Japan would conduct its trade on a commercial basis without discrimination against Australia's interests in any arrangements with third countries.

He reiterated this undertaking in the particular case of Australia's exports of automobile parts to Japan .

In discussing the outlook for the Uruguay Round, I urged Japan not to hold back on the rice tariffication issue, because otherwise it ran the risk of being portrayed by others as a final obstacle to a settlement on agriculture.

The Japanese Government acknowledged the responsibility it faced.

My discussions with Japanese Ministers also covered the need for expanded bilateral air services to cater for the expected increase in tourist traffic, MITI's support for Australia's trade promotion in Japanese regional centres, and Japanese involvement in the MFP project in Adelaide.

In a general discussion of defence relations, I confirmed the Government's satisfaction with the current moderate level of activity which includes high-level visits and dialogue on strategic issues.

Mr Speaker

The Government attaches considerable importance to the Asia-Pacific Economic Cooperation or APEC process as an essential mechanism for promoting open regionalism.

I explained to Prime Minister Miyazawa the thinking behind my proposal for establishing over the medium term a process for periodic heads-of-government meetings based on APEC membership.

Such meetings would add political weight and status to the APEC process.

They would fill a significant gap in institutional arrangements in the region, enabling leaders to consult together in a way which has become familiar in European and trans-Atlantic relations.

I was encouraged by a marked firming of Japanese support for the proposal.

Prime Minister Miyazawa welcomed the initiative and agreed that the idea should be pursued further in consultation with other members of the region.

Former Prime Minister Takeshita also firmly supported the proposal.

A special feature of the visit was my agreement with Prime Minister Miyazawa to issue a joint statement setting out for the public record an account of the regional perspectives which figured prominently in our discussions.

The statement demonstrates convincingly the extent of parallel interests we share with Japan in regional strategic and economic issues, and the potential we have for working together productively in the region.

It also makes clear that the cooperative relationship we aim to pursue with Japan is by no means an exclusive one.

Rather, it is directed towards broad-based cooperation with other countries in the Asia-Pacific region, including especially the United States.

I now table the joint statement for reference by Honourable Members.

Mr Speaker

My program in Tokyo included an audience with the Emperor and Empress of Japan.

On behalf of the Australian Government, I invited Their Majesties to visit Australia whenever mutually agreeable to the two governments.

The invitation was warmly received, but because of prior consideration of other possible overseas visits, it may be some time before the visit takes place.

I am sure that an official visit to Australia by the Emperor and Empress will be welcomed by the vast majority of Australians.

Mr Speaker

My visit to Japan included substantial contact with senior Japanese business and financial leaders, and with the Japanese media.

I impressed on these audiences the progress that has been achieved in making the Australian economy more competitive and internationally oriented, and the commitment of the Australian Government, private sector and wider community to strengthening Australia's relations with the Asia-Pacific region.

These contacts were very useful in registering with Japanese opinion-leaders the changing nature and focus of Australia.

Following my program in Tokyo, I made the first visit by an Australian Prime Minister to Nagoya, Japan's fourth largest city and the centre of a large industrial and trading region.

I took part in public ceremonies to mark the opening of an Australian Consulate in Nagoya.

This is one of four new consulates we are opening this year in Japan to strengthen our trade promotion in regional centres.

I also visited the headquarters of the Toyota Corporation and inspected technologically advanced production processes at their Motomachi plant, which will serve as the parent plant for the new Toyota factory at Altona in Victoria.

In his welcoming address at a lunch given in my honour, the Toyota President said his corporation's investment at Altona was predicated on the Australian Government's car industry policy persisting into the 21st century, and that consistent government policy and harmonious labour relations were always important to the car industry.

Mr Speaker

My visit to Singapore on 24 and 25 September reinforced the longstanding partnership between our two countries.

Singapore is Australia's fourth largest export market, and our largest trading partner among the ASEAN countries.

Australia and Singapore maintain close defence relations both bilaterally and under the Five Power Defence Arrangements, which also involve Malaysia, Britain and New Zealand.

My reception in Singapore was very warm.

I had extensive discussions with Prime Minister Goh Chok Tong, Senior Minister Lee Kuan Yew, Deputy Prime Minister and Trade and Industry Minister Brigadier-General Lee Hsien Loong, and Defence Minister Yeo Ning Hong.

Prime Minister Goh said our bilateral relationship was in excellent shape and that Australia and Singapore were following similar strategies in the region.

He welcomed Australia's efforts to engage more closely with Asia.

My discussions with Singapore leaders confirmed a broad range of agreement on regional issues including the need to maintain an open trading system and support for promoting the APEC process.

I congratulated the Singapore Government on their successful bid to host the APEC secretariat.

A major feature of my program in Singapore was participation in a very successful business seminar on the theme of strategic linkages between Singapore and Australian companies.

The seminar was well attended by senior business representatives from both sides, including 28 very senior Australian business leaders who visited Singapore especially for the occasion.

It provided an excellent opportunity for me and the Australian business people to explain the important ways in which the Australian economy is becoming more open and commercially integrated into the region.

Accompanied by Defence Minister Yeo, I visited HMAS Brisbane, one of eight Australian ships which had just participated in a large-scale maritime and air defence exercise under the Five Power Defence Arrangements.

The Singapore Government made clear the value it places on defence cooperation with Australia including our active role in the Five-Power Arrangements.

Mr Speaker

My visit to Cambodia on 26 September was the first by an Australian Prime Minister since 1966, the first by a Western head of government since 1970, and the first by any head of government since the signing of the Paris Peace Accords in October last year.

My brief visit served two important purposes.

I was able to underline Australia's firm support for the peace process at a time when serious difficulties have been caused by the refusal of the Khmer Rouge to participate in the cantonment and demobilisation phase.

I was also able to reaffirm the Government's warm appreciation of the efforts of the Australian military and civilian personnel serving with the United Nations Transitional Authority in Cambodia, and of the important contribution by Australian aid workers serving with non-government organisations.

Other Members of the House have visited Cambodia since the signing of the peace settlement.

I know they will support me in saying that all these dedicated and professional men and women are earning a high reputation for Australia in Cambodia.

Australia can be truly proud of their contribution towards peace and a better way of life for the Cambodian people.

I had detailed discussions with Prince Sihanouk, the UN Secretary-General's Special Representative, Mr Akashi, and the UNTAC Military Commander, Lieutenant-General Sanderson.

Without underestimating the complexity and difficulty of problems which lie ahead, I was heartened by the determination of these key individuals to press ahead with UN-organised elections by around May next year, with or without participation by the Khmer Rouge.

I assured them that Australia remained firm in our commitment to support a peace process whose outcome is a democratically elected government which can be recognised and supported by the international community.

I said Australia wants to persevere so long as there is a responsible way forward.

Mr Speaker

I am confident that my visit to Japan, Singapore and Cambodia has put Australia in a better position to deal with the challenges we face in the region.

I was pleased that my visit to Japan and Singapore generated considerable public comment about Australia's trade policy options.

These are crucial issues for our country.

It is important that Parliament and the public have a clear understanding of where our national interest lies.

In recognition of Australia's position as a medium-sized trading nation with considerable diversity in the composition and direction of our trade, the Government attaches fundamental importance to maintaining and strengthening the open, non-discriminatory multilateral trading system based on the GATT.

As part of this, we accord high priority to an early and successful conclusion of the Uruguay Round of multilateral trade negotiations.

The benefits of a multilateral agreement, which extends international trade rules to cover agriculture and services and which also strengthens the disciplines and dispute-settling procedures of GATT, are so overwhelming for a country like Australia that there is no need for me to describe them to this House.

We are also firmly committed to promote the development of APEC as an organisation which embraces the main economic linkages between the Western Pacific and North America.

And we also remain willing to seize trade opportunities and solve trade problems whenever and wherever they arise, whether bilaterally or plurilaterally, whether in a particular class of exports or with a particular country or group of countries.

This kind of work is so constant and so detailed, so ordinary and unspectacular a part of the everyday work of our trade officials and of the Trade Minister that we sometimes forget quite how much goes on.

These three tasks - the GATT, APEC, and the everyday work of facilitating trade - remain at the core of our trade policy.

But as we enter this new era of uncertainty in the direction of the world trading system and in the strategic decisions of the major trading economies, I wish to describe the Government's approach in deciding emerging trade policy issues.

Mr Speaker

For better or worse, the Uruguay Round is coming to an end.

Whatever the outcome, this will free the energies of trade policy makers and make clear the internationally agreed benchmarks upon which bilateral and regional trade enhancement can be created.

If the Round fails, there will remain a vast agenda of reform in agriculture and services trade which should be addressed by some other means.

Even if the Round succeeds in one form or another, there will remain plenty of room for further agreements which improve on its outcomes.

As I said at the beginning of this statement, the trend towards regional, subregional and bilateral trade arrangements will probably strengthen.

The European Community will certainly spread eastwards, even if there is now some doubt about the pace of deepening integration between the existing members.

NAFTA has now been signed by the governments of Canada, the United States and Mexico, and we expect that in one form or another it will be approved by the US Congress next year.

We expect further links will be established between the United States and various Latin American countries.

In our own region, APEC has been institutionalised with the creation of a secretariat in Singapore, while the ASEAN countries are now moving to establish their own free trade agreement.

There is plenty of evidence of increased regionalism in trade institutions.

There is also evidence of increased regionalism in trade patterns.

Between 1970 and 1991 trade between West European countries grew from 66 to 72 per cent of their total trade, and that between the APEC countries grew from 54 to 65 per cent of their total.

So the end of the Uruguay Round is coming at the same time as Australia is changing profoundly, as regionalism becomes more important - and also at a time of new uncertainty over the trade strategy of the world's biggest economy, the United States.

Mr Speaker

In his recent Detroit speech, President Bush raised the possibility of negotiating trade arrangements with individual countries, including some in Eastern Europe and some in the Pacific.

In the Pacific he instanced Australia, the ASEAN countries and Korea.

No formal proposal has been put to Australia, but the issue is of such importance to our trading future that we cannot wait its full development before we make our own views known.

Our overriding objective is to do all we can to preserve and enhance a trading environment in which our major markets remain as open to us as possible, and these markets remain open to each other.

We must never lose sight of the fact that most of our trade, and the fastest growing part of our trade, is now with other countries in the Western Pacific.

We must also not lose sight of the fact that many of these countries are highly dependent on the US market.

And finally we must not lose sight of the fact that many of our trade partners are also our trade competitors in third-country markets.

Those considerations will guide us in what may well be a fluid and fast-changing external environment over the next few years.

As to the institutional forms and arrangements into which we may be prepared to enter, we are open minded.

We certainly do not rule out bilateral agreements, or plurilateral agreements.

Indeed, we may well initiate them, and we are of course a member of a strong bilateral arrangement with New Zealand.

But some bilateral agreements are better than others, and some may deliver few bilateral trade benefits while potentially incurring substantial trade costs.

The Government welcomed President Bush's Detroit speech in the sense that it demonstrated an interest in further promoting trade liberalisation in the Pacific area.

The Opposition made an enthusiastic embrace of a preferential bilateral agreement with the United States despite having a week earlier labelled the United States as Australia's number one trade enemy.

The Government's approach is more calibrated.

We have reservations about the specific mechanism of a network of bilateral preferential trade agreements centred on the United States.

Mr Speaker

The difficulty for Australia works at several levels.

First, the Government would want to consider seriously any offer of a bilateral agreement with the United States which would reduce import constraints on those items of most concern to us - particularly beef, dairy products, sugar and steel.

But past experience suggests that such concessions would be unlikely because of Congressional attitudes and other domestic pressures in the United States.

Secondly, the perception in East Asia of any move by Australia and the United States to conclude a bilateral trade agreement would vary greatly depending on whether it was seen as part of a broader, even-handed approach throughout the region, or whether it was seen as part of a strategy to put pressure on the North Asian economies, particularly Japan.

In the latter case, Australia would be seen as turning our back on East Asia despite the fact that it accounts for almost six times more of our exports than the United States.

Thirdly, while we can understand why some Americans advocate bilateral trade arrangements on a hub-and-spokes model as a way of improving US trade access, the countries at the ends of the spokes may find that this approach does not help trade between them.

A report on regional trade agreements prepared for the Government earlier this year by Professor Richard Snape and others argues convincingly that a hub-and-spokes system is a relatively unattractive option for trade liberalisation.

These considerations were reflected in my statements in Tokyo about trade policy.

As mentioned already, I told the Japanese Government that Australia would not be party to a trade arrangement which was directed against Japan.

This commitment reflects a clear-sighted view of Australia's national interest.

Mr Speaker

It goes without saying that the Government attaches great weight to our relationship with the United States.

Australia and all other trading nations have benefited enormously over the years from the enlightened leadership the United States has demonstrated in helping to maintain an open and non-discriminatory multilateral trading system.

The Australia-US defence alliance remains of fundamental importance in the post-Cold War period.

Our bilateral economic relations are of great value to both sides.

As made clear in the joint statement issued with Japan, the Government believes that US strategic and economic engagement is of fundamental importance to the peace and prosperity of the Western Pacific.

For this very reason we have promoted the APEC concept which embraces both the Western Pacific and the United States, and have queried other regional concepts which omit the United States.

An important objective of Australian policy is to avoid so far as we can situations where we have to choose between relations with the United States and relations with East Asia.

We also want to do whatever we can to encourage cooperative relations between the two.

Mr Speaker

The Government certainly does not rule out Australian membership of regional trading arrangements.

APEC is already evolving into a regional trade arrangement with a useful agenda of trade-liberalising measures.

If thinking and practice in the region evolves towards the idea of a trade pact, we would very much prefer that it be APEC wide, and of course that it did not raise barriers or hinder trade between members and non-members.

We appreciate that such an outcome will not be achieved easily and that, in the meantime, there may be proposals for plurilateral arrangements between subsets of the APEC membership.

Australia stands ready to consider on its merits possible membership of any such arrangements that may evolve.

As I said in Tokyo, we do not think a Western Pacific trade area is a preferred arrangement, but we would certainly seek to join one if the trade policy decisions of the major players left us no better choice.

So we remain open to forms and arrangements, but we do think there are substantial disadvantages for ourselves and for the entire region if the United States is encouraged to go down the path of seeking bilateral preferential arrangements.

Finally, an important principle which will guide Australian policy is that we very much want to avoid being party to a process which has the effect of dividing the Pacific into trade allies of the United States and trade allies of Japan.

Mr Speaker

Working forward from the understandings reached during my recent Asian visit, these are the sorts of considerations that need to be weighed carefully in defining new Australian positions in this important policy area.

CANBERRA

13 October 1992