



PRIME MINISTER

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**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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J: French papers have reported that France is planning another nuclear test in a few days - are you planning any specific measures to protest against France this time?

PM: We have just last week secured the most condemnatory resolution in a large multilateral body - that's the Commonwealth Heads of Government meeting - where Australia proposed that France be condemned for its position, for its decision to resume testing. And of course the word in international diplomacy - the word condemned - is a very judgmental and harsh word. So, that was at the Commonwealth Heads of Government. At the United Nations, we have also secured a very strong resolution against the French, and we will continue to proselytise the cause of liberty of people in the Pacific for the way of life that they wish, and the views that they are entitled to call their own, without this sort of heavy-handed approach from the French.

J: Last time you recalled your ambassador from France. This time, what do you do?

PM: Well, we have made the protest clear, and I think that President Chirac has said himself - on American television - that Australia had been the source of greatest pressure on France. You might have noticed in the weekend press that President Chirac took umbrage at a number of European countries, similarly expressing the same view as Australia, and decided he would cancel one or two meetings with them. So, the

pressure is continuing to come on them, and I think that's more effective now than any bilateral action, or unilateral action.

J: It's a related question - you have proposed to Prime Minister Murayama to set up a joint taskforce to deal with nuclear testing. Would you elaborate on what Australia and Japan can do in this taskforce?

PM: Not on nuclear testing - but to rid the world of nuclear weapons. It's going way beyond the testing point. There are 50,000 nuclear weapons around the arsenals of the major powers. What Australia wants to do is get them down - to be rid of them. To be rid of nuclear weapons. You might know that Australia played a leading role in the Chemical Weapons Convention. Now, in that Convention we removed one whole category of weapons, so if we can do it for one whole category with chemical, we should be able to do it - conceivably - with one whole category with nuclear. And of course, the verification procedures on chemical weapons is, I think, far more difficult than verification on nuclear. So, we are now putting together a taskforce to look at ways where we may promote international agreement to actually cut the stockpiles. Now, this comes as well as Australia's involvement in the Comprehensive Test Ban Treaty - we will be playing, I hope, there a leading role, too - which is a comprehensive ban on further testing, by everybody. We are also supporting the cut-off convention, which is the cutting off of further production of fissile material. So, there are three matters - there is a cutoff convention on stopping the production of fissile material, there is a Comprehensive Test Ban Treaty, which is aimed at stopping comprehensively further testing, and then there is Australia's own initiative to actually be rid of nuclear weapons - to actually take the stockpiles down. And it was that last subject that I spoke to Prime Minister Murayama about - asking for Japan's support in this.

J: With regard to APEC - what is your evaluation of the outcome of this APEC Summit in Osaka, particularly with respect to the issue of comprehensiveness?

PM: I think the overall result was outstanding. The great clarity of the Bogor Declaration, which President Soeharto provided - his stewardship provided - has been, I think, built upon under the stewardship of Prime Minister Murayama. And I think that the outcome in Osaka yesterday is something that does adequate justice to the Bogor Declaration, and the leadership of President Soeharto in it. One of the stumbling issues over these recent weeks was the question of comprehensiveness, but what the draft declaration and the agenda showed - the liberalisation agenda made clear - is that everything is in - all categories of goods and services - are in the mix to free trade by 2010 for developed countries, that includes of course Japan and Australia, and the developing countries by

2020. So, what we said - all of us, I think - we don't mind...I mean, what is unique about APEC is that it has specified the end points - 2010 and 2020. In the Uruguay Round there were no end points - it was as if [they said] "yes, liberalisation is a good thing, but maybe not too good, and we will just give away as much as we have to, and no more". Here, there is a much more generous, and a much more wise approach. At Bogor, we decided the end points. Once you have got the end point decided, and you have got commitments around the end point - which is free trade by 2010 and 2020 - the pace which individual countries then adopt for the liberalisation of particular sectors is a matter for them. And so this is why we have used this device called concerted liberalisation - each country does its liberalising, but we bring it together as a concerted policy. Or we have liberalisation in concert. Now, this is both, I think, effective and mature, and the test - you could see some of it yesterday - was a very big liberalisation package announced by Japan, by Indonesia and by China.

In other words, if people would make the big commitment to free and open trade by a certain date, you know, give them the credit of knowing that they will find their own way of getting there, and yesterday proved that they will. Which is a far better approach than the sort of mechanistic legalism of the Uruguay Round, or the WTO.

J: Do you think that Japan has been able to achieve its role as a host nation to the conference?

PM: Yes. I think that all of the imperatives of leadership - which I believe Japan had to show on this occasion - it did show. I think Prime Minister Murayama's work, Minister Hashimoto's work, Minister Kono and their officials - Mr Kono and Mr Seki - that group. And the fact that we had the Ministry of Trade and Industry and the Gaimusho working together - which I must say is a rarity for Japan - showed how effective they can be working together. So, I think....and yet, let me say another thing, not only was leadership shown, but the fact that in an unfortunate way President Clinton couldn't come, it made very clear that Japan was able to do this without the validation of the United States. In other words, Japan stood on its own feet, and did this without the United States holding its hand. And that, I think, is a good thing too, because as you know, Australia is a great supporter of Japan's, and we're a great supporter of Japan taking a full place in the Security Council. But none of us would have wanted to vote for a country that, having the test of international leadership around something so mammoth as this APEC agenda, if Japan had either shirked the test or failed the test, it would have given not just Australia, but many other countries second doubts about its leadership capacity. I think those doubts have been dispelled. For my part, I have always believed -

because Prime Minister Murayama sat next to me at Bogor - I had an idea about his own thoughts about all of this, and I always believed he would rise to the challenge. And I think Ministers Hashimoto and Kono understand how absolutely pivotal and key this was to Japan setting up a proper East Asian trading structure, one that allows China to come out with the world economy and be received in a structure which has got rules, and which has got policy, that allows a proper resourcing of East Asia, at the same time, keeps the United States commercially engaged in the region. I think those two Ministers particularly understood those imperatives, and I think this must have been of material assistance to Prime Minister Murayama.

J: With regarding of EAEC, there is a debate about Dr Mahathir's plan to create the EAEC....

PM: Can I interrupt you? Look, it's an old debate. There's one premier organisation in the Asia Pacific now - it's APEC. I mean, the bonhomie, the commitment, the goodwill that has come around APEC. I mean, look, since our first meeting in Seattle, you have got much greater movement of people between Korea and Japan with President Kim and Prime Minister Murayama, you have just had recently President Jiang Zemin visiting Seoul, the movement of people and the understanding and goodwill has come from one body, and that's APEC. Because at the same time, the strategic guarantor of all this - the United States - is involved, too. In any East Asian body, the United States isn't there. Now, this debate...you could have a debate about this at the time of Seattle. You could even keep the remnants of it going at the time of Bogor. But now, there is one and one body only, and that's APEC. Now of course, in the region - in our region, that is East Asia, South East Asia - you still have people meeting and talking, and our trade ministers meet and talk without some of our Pacific Rim partners being present on all occasions, but that is not the institutional structure that we are speaking of. The institutional structure is around APEC.

J: Mr Keating, you are well known as Mr Deregulation - how do you plan to pull the Australian economy back into shape?

PM: Well, it's already in pretty good shape, now. After ten years of hard work, we are now in our longest phase of growth since the Second World War. This quarter will be seventeen quarters of consecutive growth, so this is a record for us. This year, the economy has been growing around 4%, we have been averaging in the last half dozen - certainly, the last four years - about 4% employment growth a year. We have got inflation sitting at about 3%, our exports in the last decade have doubled, the proportion of our exports we devote to servicing our debt has fallen from 22% of our

exports to 11%, and, I think, we have got a horsepower about the country now, and a confidence I think we have probably never had before. So, I think these policies have worked, and I think that the Australian people have made - themselves - the effort, and have had the confidence to take the opportunity to make their own country internationally competitive. But having made it competitive, take the leap in market growth in the East Asian region.

J: Foreign policies - you have already expressed that Australia will pull away from the Commonwealth - why the reason?

PM: No. I am saying that Australia should have its own Head of State - that the Head of State of Australia shouldn't be the Monarch of Great Britain, that it's now inappropriate that it should be the Monarch of Great Britain. Australia is now a multi-cultural country - it is a mono-culture no longer. Over half of our migration intake comes from Asia. You know of our post-War migration from Europe and the Middle East, and as a consequence, Australia has a diversity and a vivaciousness about it now, and a willingness - a very strong desire to engage with the region, and that sense of the culture of the new Australia and its identity can't be served by us saying oh, by the way, our Head of State is the Monarch of Great Britain. Our Head of State should be an Australian. So the Government is supporting Australia moving from the Monarchy to an Australian republic. But we do not wish to remove ourselves from the Commonwealth. I attended a Commonwealth Heads of Government meeting last week - one of the two newest members returning was President Nelson Mandela of South Africa. A republic, but he is still in the Commonwealth. Well, Australia would be a republic too, but still in the Commonwealth. But the Queen of Great Britain would not be the Queen of Australia.

J: In the few days that you have been here, what has been your impression staying in Osaka and Kansai, and also, could you please tell us what is your vision for future economic links between Japan and your country, Australia?

PM: I think coming to...most of my visits to Japan are to Tokyo. I have been to Osaka before, and coming to Kansai, one is reminded again of the actual size and strength of Japan. You know, the industrial might one sees in that trip from the airport into the city, past kilometres and kilometres of petro-chemical plants and the rest, and this very big city and very large population, and a very large part of Japan's GDP in the Kansai region. We now fly direct flights into the new airport, we have a new relationship with the Kansai region, and I think it's one that we can...I mean, I think it's cheaper to do business in Kansai, probably, than Tokyo. And I think we

see that opportunity. And it underlines again the absolute size and significance of Japan - when one thinks of the size of metropolitan Tokyo, and then sees the strength of the Kansai region, it reminds you simply just how large Japan is.

The other thought I had about it is that one of the reasons Japan has been accumulating trade surpluses, and because it hasn't lifted domestic demand to the point that perhaps it should, and in housing and infrastructure, it has become very apparent to me that this is one place where Japanese national savings should be sent. Cleaning up the Capital Gains Tax rules on property would allow a sensible aggregation of properties, more rational development of cities - better urban planning. Because one of the problems Australia has, is not a well developed sense of urban planning, and I am unhappy to say that we share this with you. There is no really developed sense of urban development in Japan. You don't need to be an urban planner to understand this - your eye can tell you this, at every street corner. So, I think that if Japan continues to worry about a surplus, and the strength of the Yen, one of the ways of solving it is to put more of its savings into housing renewal, better cities and a higher standard of living for people. But the one thing that is certain - Japan has got the strength to do all these things, and as such, it is an important partner for Australia, an important interlocutor for Australia, it is our largest trading relationship. And I think you can see, throughout this APEC discussion where our officials and yours have worked very closely together, where our Ministers and yours have worked closely together, where Prime Minister Murayama and I have worked closely together, how effective a partnership we can be if we put our minds to getting something done.

J: Thank you very much, Prime Minister.

ends.