



PRIME MINISTER

ADDRESS TO LUNCHEON GIVEN BY THE FIVE PRINCIPAL JAPANESE
ECONOMIC ORGANISATIONS, TOKYO, 1 FEBRUARY 1984

I AM DELIGHTED TO BE YOUR GUEST ON THIS, MY FIRST VISIT
TO JAPAN AS AUSTRALIA'S PRIME MINISTER.

MY VISIT COMES AT A TIME WHEN BOTH AUSTRALIA AND JAPAN
ARE LOOKING FORWARD TO BETTER ECONOMIC TIMES THAN WE HAVE
KNOWN IN THE RECENT PAST.

AUSTRALIA'S ECONOMY IS PERFORMING BETTER THAN OUR MORE
OPTIMISTIC FORECASTERS THOUGHT POSSIBLE EVEN SIX MONTHS AGO.

SOME RECENT STRAINS IN AUSTRALIA'S TRADING RELATIONS WITH
JAPAN HAVE RESULTED FROM RECESSION, AND WILL BE EASED BY
THE RETURN TO BETTER ECONOMIC CONDITIONS.

A MORE OPTIMISTIC ECONOMIC OUTLOOK ALSO PROVIDES A BETTER
ENVIRONMENT FOR EACH OF US TO ADDRESS STRUCTURAL PROBLEMS
THAT STAND IN THE WAY OF DEVELOPING A MORE BROADLY-BASED
AND COMPLEMENTARY TRADING RELATIONSHIP.

BOTH AUSTRALIA AND JAPAN ALSO HAVE MUCH TO GAIN FROM
IMPROVEMENT IN THE ECONOMIC OUTLOOK OF NEIGHBOURING COUNTRIES
IN THE PACIFIC REGION, INCLUDING THE UNITED STATES, CANADA,
AND THE WESTERN PACIFIC DEVELOPING COUNTRIES, SOME OF WHICH
I WILL BE VISITING OVER THE NEXT TWO WEEKS.

BUT THE INTERNATIONAL RECOVERY IS NOT YET WIDELY BASED,
AND THE WORLD ECONOMY IS STILL FACING SERIOUS DIFFICULTIES
AND UNCERTAINTY.

TODAY, I WOULD LIKE TO ADDRESS THREE MAJOR ISSUES.

FIRST, THE PERFORMANCE OF THE AUSTRALIAN ECONOMY AND THE
AUSTRALIAN GOVERNMENT'S APPROACH TO USING THIS RECOVERY
AS A SPRINGBOARD FROM WHICH TO REACH FOR SUSTAINED
IMPROVEMENT IN OUR LONG-TERM GROWTH PERFORMANCE.

SECOND, SOME ISSUES IN AUSTRALIA'S ECONOMIC RELATIONS
WITH JAPAN AT THIS TURNING POINT IN OUR ECONOMIC FORTUNES.

THIRD, I WILL OFFER SOME VIEWS FROM AN AUSTRALIAN
PERSPECTIVE ON CONTEMPORARY PROBLEMS OF THE WIDER
INTERNATIONAL ECONOMY.

THE AUSTRALIAN RECOVERY

FROM LATE 1981 UNTIL THE JUNE QUARTER OF THIS YEAR
AUSTRALIA EXPERIENCED PARTICULARLY SHARP AND DEEP RECESSION.

THE RECESSION IN AUSTRALIA WAS ASSOCIATED WITH A
DISASTROUS DECLINE IN EMPLOYMENT AND RISE IN UNEMPLOYMENT.

DESPITE THE RECESSION, INFLATION WAS OVER 11 PER CENT IN
THE YEAR PRIOR TO MY GOVERNMENT TAKING OFFICE IN MARCH
LAST YEAR - TWICE THE RATE IN MOST MAJOR OECD COUNTRIES.

MY GOVERNMENT CAME TO OFFICE CHARGED WITH THE RESPONSIBILITY OF INCREASING EMPLOYMENT AND REDUCING INFLATION AT THE SAME TIME.

AT THE CENTRE OF MY GOVERNMENT'S APPROACH TO MEETING THIS RESPONSIBILITY WAS OUR BELIEF THAT CLOSE CO-OPERATION WAS REQUIRED AMONG ALL PARTS OF THE AUSTRALIAN COMMUNITY.

THIS BELIEF WAS REFLECTED FIRST IN AN ACCORD BETWEEN MY PARTY, THE AUSTRALIAN LABOR PARTY, AND THE AUSTRALIAN COUNCIL OF TRADE UNIONS.

THIS PRICES AND INCOMES ACCORD INVOLVES:

- A COMMITMENT FROM THE TRADE UNION MOVEMENT TO FIRM WAGE RESTRAINT WITHIN THE CENTRALISED WAGE-SETTING FRAMEWORK THAT IS DEEPLY ENTRENCHED IN AUSTRALIAN INDUSTRIAL LIFE
- A COMMITMENT FROM THE LABOR GOVERNMENT TO IMPLEMENT A SERIES OF ECONOMIC AND SOCIAL POLICIES, INCLUDING IMPROVEMENT IN ACCESS TO MEDICAL AND SOME OTHER SERVICES
- A COMMITMENT FROM THE GOVERNMENT TO CONSULT THE TRADE UNION MOVEMENT ON MAJOR ECONOMIC POLICY MATTERS AFFECTING ORGANIZED LABOUR.

AT THE HEART OF THE ACCORD IS THE SEARCH FOR COMMUNITY CONSENSUS AND A MORE CO-OPERATIVE, LESS COMBATIVE MEANS OF DETERMINING WAGE AND INCOME LEVELS.

THAT SEARCH FOR CONSENSUS WAS TAKEN FURTHER WHEN MY GOVERNMENT CONVENED A NATIONAL ECONOMIC SUMMIT CONFERENCE WITHIN A MONTH OF TAKING OFFICE, IN APRIL LAST YEAR.

PARTICIPANTS INCLUDED REPRESENTATIVES OF FEDERAL, STATE AND LOCAL GOVERNMENTS IN AUSTRALIA, ALL MEMBERS OF THE EXECUTIVE OF THE AUSTRALIAN COUNCIL OF TRADE UNIONS AND 35 AUSTRALIAN BUSINESS LEADERS.

THE SUMMIT CONFERENCE HAS LAID THE BASIS FOR ACHIEVING LONG-TERM CO-OPERATION AMONG THE VARIOUS GROUPS IN THE AUSTRALIAN COMMUNITY.

WE IN AUSTRALIA ARE WORKING TOWARD A CLIMATE OF NATIONAL UNITY, NATIONAL RECONCILIATION, NATIONAL PURPOSE.

THE IMPORTANCE OF SEARCHING FOR CONSENSUS WOULD NOT BE LOST ON THIS AUDIENCE.

HERE IN JAPAN THERE IS A KEEN APPRECIATION OF THE IMPORTANCE OF DRAWING IN ALL MEMBERS OF THE COMMUNITY, OF ACHIEVING A COMMON PURPOSE, OF REACHING A CONSENSUS.

WE IN AUSTRALIA, WITHIN A VERY DIFFERENT CULTURAL AND INSTITUTIONAL ENVIRONMENT, ARE NOW ENDEAVOURING TO ACHIEVE SOMETHING OF THAT SAME APPROACH.

INDEED MY GOVERNMENT HAS EMBARKED ON A FUNDAMENTALLY DIFFERENT STYLE OF NATIONAL ECONOMIC MANAGEMENT.

NEW STRUCTURES AND MECHANISMS OF ECONOMIC DECISION-MAKING HAVE BEEN PUT IN PLACE.

THEY ARE NOT ONLY CONTRIBUTING TO THE POLICIES NEEDED TO DEAL WITH CURRENT CIRCUMSTANCES, BUT ARE ALSO FUNDAMENTALLY CHANGING THE MANNER IN WHICH AUSTRALIANS THINK ABOUT ECONOMIC ISSUES AND THE FUTURE DIRECTION OF THE AUSTRALIAN ECONOMY.

A CLIMATE OF CONFIDENCE HAS BEEN ESTABLISHED.

SINCE THE NATIONAL ECONOMIC SUMMIT CONFERENCE, WE HAVE DEVELOPED THE PRACTICE OF CONSULTATION ON ECONOMIC AND SOCIAL POLICY THROUGH A NEW ECONOMIC PLANNING ADVISORY COUNCIL AND THROUGH A WIDE RANGE OF CLOSE BUT LESS FORMAL PROCESSES.

WHILE WE CANNOT EXPECT COMPLETE AGREEMENT ON ECONOMIC POLICY IN A DEMOCRACY, THERE IS WIDE AND STRONG SUPPORT FOR THE MAIN ELEMENTS OF OUR ECONOMIC POLICY.

WE HAVE PURSUED FIRM BUT NOT TIGHT MONETARY POLICIES, DESIGNED TO ALLOW STRONG GROWTH, BUT NOT TO FUEL INFLATION.

THERE HAS BEEN ALMOST UNIVERSAL ACCEPTANCE BY AUSTRALIAN TRADE UNIONS OF THE WAGE RESTRAINT REQUIRED BY THE PRICES AND INCOMES ACCORD.

WITHIN THE ACCORD, MOST AUSTRALIAN WORKERS RECEIVED A WAGE INCREASE OF 4.3 PER CENT IN 1983. INCREASES IN 1984 ARE NOT LIKELY TO BE SIGNIFICANTLY GREATER.

THESE INCREASES ARE VERY SMALL COMPARED WITH AUSTRALIAN EXPERIENCE IN THE YEARS PRECEDING MY GOVERNMENT'S TAKING OFFICE.

IN PREPARING OUR FIRST BUDGET, WE JUDGED IT APPROPRIATE TO PURSUE EXPANSIONARY FISCAL POLICIES. THE COMMONWEALTH GOVERNMENT'S FISCAL DEFICIT IN THE CURRENT FINANCIAL YEAR WILL BE AROUND FOUR AND A HALF PER CENT OF GROSS DOMESTIC PRODUCT.

OUR POLICIES HAVE POSITIONED AUSTRALIA WELL TO TAKE ADVANTAGE OF THE STIMULUS PROVIDED BY THE ENDING OF A DEBILITATING DROUGHT AND THE BEGINNINGS OF INTERNATIONAL ECONOMIC RECOVERY.

THE ECONOMIC DECLINE ENDED SHARPLY, AND TURNED INTO STRONG RECOVERY IN THE SEPTEMBER QUARTER LAST YEAR.

REAL GROWTH IN THAT QUARTER WAS OVER 4 PER CENT, HALF COMING FROM THE FARM AND HALF FROM THE NON-FARM SECTOR.

A WIDE RANGE OF INDICATORS POINT TO THE CONTINUATION OF STRONG GROWTH SINCE THEN.

WE ARE GRATIFIED THAT EMPLOYMENT HAS RESPONDED QUICKLY TO THE RENEWAL OF GROWTH, WITH JOBS EXPANDING BY TWO AND A HALF PER CENT BETWEEN THE APRIL SUMMIT AND THE END OF LAST YEAR. SEASONALLY ADJUSTED UNEMPLOYMENT FELL FROM 10.3 PER CENT IN APRIL TO 9.2 PER CENT AT THE END OF THE YEAR.

WE HAVE ALSO MADE SOME PROGRESS IN BRINGING DOWN INFLATION FROM 11 PER CENT IN 1982 TO 8.6 PER CENT IN 1983.

WE LOOK FORWARD TO GROWTH IN TOTAL GROSS DOMESTIC PRODUCT OF AROUND 8 PER CENT AND IN NON-FARM PRODUCT OF AROUND 6 PER CENT THROUGH THE CURRENT FINANCIAL YEAR, AND THE CONTINUATION OF STRONG GROWTH IN 1984-85. WE ARE ALSO CONFIDENT THAT THE INFLATION RATE WILL AGAIN FALL.

THE MOST IMPORTANT IMMEDIATE TASK IS FOR THE GOVERNMENT TO BROADEN THE RECOVERY INTO AREAS THAT REMAIN WEAK, INCLUDING PRIVATE INVESTMENT, AND TO SUSTAIN THE RECOVERY INTO THE FUTURE.

THIS WILL REQUIRE CONTINUED INCOMES RESTRAINT WITHIN THE FRAMEWORK OF THE PRICES AND INCOMES ACCORD.

IT WILL ALSO REQUIRE US TO AVOID EXCESSIVE PRESSURE IN FINANCIAL MARKETS, BY ENSURING THAT THE SETTING OF NEXT YEAR'S BUDGET DEFICIT TAKES FULL ACCOUNT OF THE INCREASED PRIVATE SECTOR BORROWING REQUIREMENTS TO FINANCE HIGHER LEVELS OF PRIVATE INVESTMENT.

WE ARE CONFIDENT THAT THESE TWO REQUIREMENTS CAN BE MET.

LONG-TERM GROWTH IN AUSTRALIA

MY GOVERNMENT BELIEVES THAT THE NEW APPROACHES TO MACRO-ECONOMIC MANAGEMENT THAT WE HAVE IMPLEMENTED SINCE TAKING OFFICE ARE NECESSARY NOT ONLY FOR RECOVERY FROM RECESSION, BUT ALSO FOR LONG-TERM GROWTH.

BUT SUSTAINING STRONG GROWTH OVER LONG PERIODS WILL REQUIRE NEW ATTITUDES AND POLICIES IN OTHER AREAS AS WELL.

IT WILL REQUIRE HIGH LEVELS OF INVESTMENT FROM HOME AND ABROAD.

AUSTRALIA'S HIGH RATE OF SAVINGS OUT OF INCOMES, WHILE NOT AS HIGH AS JAPAN'S, PROVIDES A GOOD BASIS FOR HIGH LEVELS OF DOMESTIC INVESTMENT.

DOMESTIC SAVINGS WILL NEED TO BE COMPLEMENTED BY INVESTMENT FROM ABROAD. MY GOVERNMENT HAS RECENTLY CONFIRMED THE MAIN ELEMENTS OF THE POLICIES ON FOREIGN INVESTMENT WHICH HAVE HAD BIPARTISAN SUPPORT SINCE THEY WERE INTRODUCED IN THE LAST YEAR OF THE WHITLAM LABOR GOVERNMENT IN 1975. UNDER THESE POLICIES WE HAVE WELCOMED SUBSTANTIAL AMOUNTS OF JAPANESE INVESTMENT IN JOINT VENTURES.

MOST IMPORTANT OF ALL IS OUR INVESTMENT IN HUMAN SKILLS. MY GOVERNMENT IS COMMITTED TO RAISING THE PROPORTION OF OUR YOUNG PEOPLE WHO EXPERIENCE HIGH LEVELS OF FORMAL EDUCATION, TO ENSURING THAT THE CONTENT OF THAT EDUCATION IS APPROPRIATE TO THE COMPLEX MODERN WORLD, AND TO IMPROVING SUPPORT FOR A WIDE RANGE OF TRAINING AND RE-TRAINING ON THE JOB.

HIGH LEVELS OF ECONOMIC GROWTH WILL REQUIRE MORE CO-OPERATIVE, LESS COMBATIVE PATTERNS OF INDUSTRIAL RELATIONS THAN AUSTRALIA EXPERIENCED IN THE YEARS PRECEDING MY GOVERNMENT'S TAKING OFFICE.

WHILE THE RECESSION HAS ALSO PLAYED A PART IN REDUCING INDUSTRIAL DISPUTATION, WE BELIEVE THAT OUR NEW CONSULTATIVE PROCEDURES AND THE PRICES AND INCOMES ACCORD HAVE MADE SUBSTANTIAL CONTRIBUTIONS TO IMPROVED INDUSTRIAL RELATIONS OVER THE PAST TEN MONTHS.

AUSTRALIA'S RECENT INDUSTRIAL RELATIONS RECORD IS INDEED QUITE REMARKABLE. IN THE TWELVE MONTHS TO OCTOBER LAST YEAR - THE LATEST PERIOD FOR WHICH DATA ARE AVAILABLE - THE NUMBER OF WORKING DAYS LOST THROUGH INDUSTRIAL DISPUTES WAS THE LOWEST FOR FIFTEEN YEARS, AND LESS THAN HALF OF THAT FOR THE YEAR ENDED OCTOBER 1982. IN THE MINING AND MARITIME INDUSTRIES, WHICH ARE OF SPECIAL INTEREST TO JAPAN, THE IMPROVEMENTS HAVE BEEN EVEN GREATER. WORKING DAYS LOST IN THE MINING INDUSTRY IN THE YEAR ENDED OCTOBER 1983 DROPPED BY 64 PER CENT FROM THE LEVEL IN THE PRECEDING YEAR.

IN THE MARITIME INDUSTRY, THE NUMBER OF DAYS LOST IN THE YEAR TO OCTOBER 1983 DROPPED BY 57% FROM THAT IN THE PRECEDING YEAR.

WE ARE WORKING ON MANY FRONTS TO IMPROVE INDUSTRIAL RELATIONS STILL FURTHER. IN A SPEECH TO THE ANNUAL JOINT MEETING OF THE AUSTRALIA-JAPAN AND JAPAN-AUSTRALIA BUSINESS CO-OPERATION COMMITTEES IN MELBOURNE ON 26 OCTOBER LAST YEAR, I MENTIONED THE GOVERNMENT'S CONCERN AT THE LONG-STANDING PROBLEMS OF INDUSTRIAL RELATIONS IN THE PILBARA REGION IN WESTERN AUSTRALIA. THE JAPANESE STEEL INDUSTRY DRAWS A VERY LARGE PART OF ITS IRON ORE REQUIREMENTS FROM THAT AREA.

I SAID THEN THAT THE ESTABLISHMENT OF AN IRON ORE INDUSTRY CONSULTATIVE COUNCIL INVOLVING STATE AND FEDERAL GOVERNMENTS, UNIONS AND EMPLOYERS WOULD MAKE A SIGNIFICANT CONTRIBUTION TO IMPROVED INDUSTRIAL RELATIONS IN THE PILBARA.

SINCE THEN, THERE HAVE BEEN EXTENSIVE DISCUSSIONS INVOLVING ALL RELEVANT UNIONS, COMPANIES AND THE TWO LEVELS OF GOVERNMENT IN WHICH ALL PARTIES HAVE GIVEN THEIR SUPPORT FOR THE ESTABLISHMENT OF SUCH A CONSULTATIVE COUNCIL. IT IS EXPECTED FORMALLY TO BE CONSTITUTED IN MARCH THIS YEAR, AFTER WHICH IT WILL ASSESS THE MOST EFFECTIVE MEANS OF REGULATING INDUSTRIAL RELATIONS IN THE REGION.

TO SUSTAIN STRONG GROWTH, AUSTRALIA AS A SOCIETY AND ECONOMY WILL, UNDER THE LABOR GOVERNMENT, BE MORE CAREFUL THAN IN THE PAST TO ALLOCATE RESOURCES TO THEIR MOST PRODUCTIVE USES.

WE ATTACH EQUAL IMPORTANCE TO EFFICIENCY IN RESOURCE ALLOCATION IN THE PUBLIC AND PRIVATE SECTORS.

WE KNOW THAT THERE ARE MANY FEATURES OF THE REGULATORY ENVIRONMENT IN AUSTRALIA WHICH INHIBIT GROWTH WITHOUT GOOD REASON IN TERMS OF SOCIAL AND OTHER GOALS. AS I HAVE HAD OCCASION TO SAY BEFORE, MY GOVERNMENT DOES NOT BELIEVE IN REGULATION FOR THE SAKE OF REGULATION.

WE HAVE BEGUN THE PROCESS OF REFORM OF THE FINANCIAL SYSTEM, WITH THE REMOVAL OF A WIDE RANGE OF EXCHANGE CONTROLS AT THE TIME OF THE FLOATING OF THE AUSTRALIAN DOLLAR LAST DECEMBER.

AT THE BEGINNING OF THIS YEAR, WE REPLACED QUOTAS ON STEEL IMPORTS BY BOUNTIES ON CERTAIN TYPES OF STEEL PRODUCTION. THIS OCCURRED WITHIN THE FRAMEWORK OF A STEEL INDUSTRY PLAN INCORPORATING STRONG UNION AND BUSINESS COMMITMENTS TO PRODUCTIVITY GROWTH AND HAS STRENGTHENED THIS INDUSTRY WHILE KEEPING IT MORE OPEN TO INTERNATIONAL MARKET DISCIPLINES.

MORE GENERALLY, OUR INDUSTRY POLICIES ARE BEING DESIGNED TO PROMOTE THE EXPANSION OF OUR MOST PRODUCTIVE INDUSTRIES, AND STRONG GROWTH IN PRODUCTIVITY IN ALL OUR INDUSTRIES.

WE ARE VERY MUCH AWARE THAT THE EFFECTIVENESS WITH WHICH WE USE NEW TECHNOLOGIES, BOTH IN NEW AND OLD INDUSTRIES, WILL DETERMINE THE EFFICIENCY OF AUSTRALIAN INDUSTRY, ITS COMPETITIVE PERFORMANCE AND ITS CAPACITY TO GROW.

WE ARE AWARE, TOO, THAT STRONG GROWTH IN AUSTRALIA WILL REQUIRE US TO MAINTAIN CLOSE LINKS WITH THE INTERNATIONAL TRADING SYSTEM, AND TO ADAPT OUR PATTERNS OF PRODUCTION TO CHANGES IN THE INTERNATIONAL ECONOMY. WE ARE CONCERNED TO ENSURE CONSISTENCY BETWEEN OUR DOMESTIC AND INTERNATIONAL ECONOMIC POLICIES.

THE UTILISATION OF NEW TECHNOLOGIES AS WELL AS NEW INTERNATIONAL TRADING OPPORTUNITIES WILL REQUIRE MANY GROUPS IN OUR SOCIETY TO ACCEPT FASTER RATES OF CHANGE THAN THEY HAVE IN THE RECENT PAST: STRUCTURAL CHANGE IN THE ECONOMY; CHANGES IN TECHNOLOGY; CHANGES IN THE LOCATION AND CONTENT OF WORK.

AND IN A VIGOROUS DEMOCRACY LIKE AUSTRALIA, THESE CHANGES ARE POSSIBLE ONLY IF THERE IS BROAD CONSENSUS ABOUT THE DESIRABILITY OF CHANGE.

THIS BROAD CONSENSUS CAN BE ACHIEVED ONLY IN THE CONTEXT OF POLICIES DESIGNED TO ACHIEVE AN EQUITABLE DISTRIBUTION OF THE BENEFITS OF GROWTH.

AND IT CAN BE ACHIEVED ONLY IF THERE IS CLOSE CONSULTATION AT ALL LEVELS IN OUR SOCIETY ABOUT THE EFFECTS OF CHANGE.

THE AUSTRALIAN GOVERNMENT SEES THE BUILDING AND NURTURING OF THIS BROAD CONSENSUS AS ITS MOST FUNDAMENTAL CONTRIBUTION TO IMPROVING AUSTRALIA'S LONG-TERM ECONOMIC PERFORMANCE.

AUSTRALIA-JAPAN ECONOMIC RELATIONS

THE RECESSION FROM WHICH BOTH AUSTRALIA AND JAPAN ARE NOW RECOVERING HAS PLACED A NUMBER OF STRAINS ON OUR CLOSE AND IMPORTANT ECONOMIC RELATIONSHIP.

BUT SUCH IS THE CLOSENESS OF UNDERSTANDING BUILT UP OVER THE PAST THREE DECADES, THAT NONE OF THESE STRAINS HAS THREATENED THE QUALITY OF THE OVERALL RELATIONSHIP BETWEEN OUR COUNTRIES.

IN OCTOBER LAST YEAR, I REFERRED TO THE DISAPPOINTMENT OF AUSTRALIAN EXPECTATIONS ABOUT THE LEVELS OF JAPANESE PURCHASES OF MINERAL COMMODITIES FROM AUSTRALIA.

I MADE IT CLEAR THEN THAT WE UNDERSTOOD THE STRUCTURAL CHANGES IN THE JAPANESE ECONOMY WHICH WERE CAUSING DOWNWARD REASSESSMENT OF IMPORT DEMAND FOR MINERAL RAW MATERIALS.

WE UNDERSTAND ALSO THAT THE RECESSION HAS EXACERBATED THE EFFECTS OF THESE STRUCTURAL CHANGES - FORTUNATELY AN INFLUENCE THAT WILL RECEDE THROUGH THIS YEAR.

WE ACCEPTED THAT CHANGING ECONOMIC CIRCUMSTANCES LIMITED THE SIZE OF THE JAPANESE MARKET. OUR CONCERN WAS, AND IS, ONLY TO ENSURE THAT AUSTRALIA BE GIVEN FAIR ACCESS TO THE JAPANESE MARKET.

AUSTRALIA DOES NOT ASK FOR SPECIAL FAVOURS IN THE INTERNATIONAL MARKET PLACE.

BUT WE ASK JAPAN TO RECOGNISE THE PARTICULAR AND ENDURING ADVANTAGES OF TRADING WITH AUSTRALIA.

WE EXPECT JAPAN TO RESIST PRESSURES FROM THIRD COUNTRIES TO GAIN INCREASED ACCESS TO JAPANESE MARKETS AT AUSTRALIA'S EXPENSE, ON NON-COMMERCIAL GROUNDS.

FURTHERMORE, AS A COUNTRY WHICH HAS BEEN A MAJOR AND RELIABLE SOURCE OF RAW MATERIALS OVER MANY YEARS, WE HAVE A LEGITIMATE EXPECTATION THAT OUR MARKET SHARE WILL NOT BE REDUCED IN THE NAME OF DIVERSIFICATION AT A TIME WHEN SO MANY AUSTRALIAN MINES, DEVELOPED FOR THE JAPANESE MARKET, ARE OPERATING BELOW CAPACITY.

I SAID IN OCTOBER THAT SOME OF THE PROBLEMS CAUSED BY THE DISAPPOINTMENT OF EXPECTATIONS ABOUT THE GROWTH IN JAPANESE IMPORT DEMAND WOULD BE REDUCED IF WE CONSULTED MORE CLOSELY ON TRENDS IN EACH OTHER'S ECONOMY. I SEE THIS AS ONE OF THE MOST IMPORTANT OBJECTIVES OF MY PRESENT VISIT.

I SHOULD ADD THAT WE RECOGNISE THAT STRUCTURAL CHANGE IN THE JAPANESE ECONOMY OPENS UP NEW OPPORTUNITIES AT THE SAME TIME AS IT LIMITS OLD ONES. AUSTRALIA IS POTENTIALLY A COMPETITIVE SUPPLIER OF A RANGE OF ADVANCED SERVICES AND SPECIALISED MANUFACTURES. WE ARE CURRENTLY EXPENDING CONSIDERABLE EFFORT IN SECURING THIS POTENTIAL.

AUSTRALIA, JAPAN AND THE INTERNATIONAL ECONOMY

AUSTRALIA AND JAPAN SHARE A LOCATION IN THE WESTERN PACIFIC - THE MOST DYNAMIC REGION IN THE WORLD ECONOMY.

WE SEE OUR LOCATION IN THIS REGION AS AN IMPORTANT AID IN OUR EFFORTS TO RAISE OUR LONG-TERM GROWTH PERFORMANCE.

THE CONTINUED DYNAMISM OF OUR REGION DEPENDS HEAVILY ON THE MAINTENANCE OF AN OPEN INTERNATIONAL TRADING SYSTEM.

THE POST-WAR LIBERAL INTERNATIONAL TRADING SYSTEM HAS BEEN WEAKENED CONSIDERABLY BY THE PROLIFERATION OF RESTRICTIONS ON TRADE DURING THE RECESSION.

JAPAN HAS BEEN HURT PARTICULARLY BY NON-TARIFF BARRIERS ON A RANGE OF MANUFACTURED GOODS. OUR DEVELOPING COUNTRY NEIGHBOURS IN THE WESTERN PACIFIC HAVE BEEN DAMAGED BY HEAVY RESTRICTIONS ON TRADE IN LABOUR-INTENSIVE MANUFACTURES AND AGRICULTURAL PRODUCTS. AUSTRALIA AND NEW ZEALAND HAVE BEEN HURT BADLY BY THE SUBSIDISATION OF AGRICULTURAL PRODUCTION IN EUROPE, JAPAN AND SOME DEVELOPING COUNTRIES. AND AUSTRALIA'S MARKETS FOR SOME MINERALS AND FOODSTUFFS HAVE BEEN THREATENED BY INCREASING PRESSURES FOR SPECIAL BILATERAL TRADING ARRANGEMENTS.

AGAINST THIS BACKGROUND OF DETERIORATION IN THE INTERNATIONAL TRADING SYSTEM, AUSTRALIA STRONGLY WELCOMES PRIME MINISTER NAKASONE'S CALL LAST YEAR FOR A NEW ROUND OF MULTILATERAL TRADE NEGOTIATIONS. WE WOULD SEE THIS AS AN IMPORTANT

CONTRIBUTION TO REVITALIZATION OF THE WORLD ECONOMY.

BUT WE BELIEVE THAT IF A NEW ROUND IS TO SERVE ITS PURPOSE IN DEPENDING AND EXTENDING THE OPEN INTERNATIONAL TRADING SYSTEM, IT MUST ADDRESS EFFECTIVELY A NUMBER OF AREAS THAT IN THE PAST HAVE BEEN PUT ASIDE AS EXCEPTIONS TO THE GENERAL TRADING RULES. IT MUST ADDRESS EFFECTIVELY SUBSIDIES AND NON-TARIFF BARRIERS TO TRADE. IT MUST ADDRESS EFFECTIVELY COMMODITIES THAT HAVE BEEN PUT ASIDE IN THE PAST AS BEING TOO DIFFICULT, INCLUDING AGRICULTURAL PRODUCTS, AND LABOUR-INTENSIVE MANUFACTURED GOODS FROM DEVELOPING COUNTRIES.

THIS WILL NOT BE EASY.

BUT TOLERATING CONTINUED STAGNATION IN WORLD TRADE WILL BE MUCH HARDER.

OUR TWO COUNTRIES SHARE A STRONG INTEREST IN THE RE-ESTABLISHMENT OF TRADE EXPANSION AND ECONOMIC GROWTH THROUGHOUT THE WORLD, AND IN THE MAINTENANCE OF STRONG TRADE AND GENERAL ECONOMIC EXPANSION THROUGHOUT OUR REGION.

AT THIS TURNING POINT IN OUR ECONOMIC FORTUNES, WE ARE WELL PLACED TO WORK TOGETHER TO THIS IMPORTANT END.