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PRIME MINISTER

TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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J: Prime Minister, what's your reaction, if I could, first to the Maastricht vote in France?

PM: I think, while a narrow majority, it's a positive decision by the people of France, which is of course one of the major continental European countries. And it will mean, I think, a more orderly speed, a more orderly transition to a unified Europe. So it's very significant and it should be significant also in the financial markets for what is obviously a shorter term upheaval of the last week or two, but in the long run, this will have long run implications for the financial community.

J: Was the decision raised in discussions this morning with discussions with Mr Watanabe?

PM: Yes. I think in Japan they would prefer to see this happen. They regard it as a positive thing, and again I think they share my view that it will see a more rapid and more orderly transition to a unified Europe.

J: Should it also help to unlock the Uruguay Round?

PM: I think it will have good psychological influences worldwide, in Europe. The Round is different. It has other connotations and effects about it, but the Round is just as important of course as this decision by the French. But it's got to be, I think, a bull point in markets and people generally concluding that progress is being made in the development of a unified European market, and this can probably have good influences on the GATT.

J: Mr Keating, did you get any indication this morning about what the Japanese would like to see the Bundesbank do on monetary policy?

- PM: No, I didn't. These things are all short term things and there's not a lot of point, particularly, in me discussing short term movements in interest rates and things.
- J: Coming to bilateral issues, this morning how did the talks go and what did you discuss?
- PM: I think the overwhelming impression one has is the relaxed nature and friendliness of discussions. I've just concluded quite a long meeting with Mr Watanabe, the Minister for International Trade and Industry, and Mr Noda, from the Economic Planning Agency which puts the Budget together. They are very keen to get their economy growing again, they are quite proud of their fiscal package, they think they've done the right thing at the right time, and so do I, I agree, as you know I've made comments in Australia about that. There is a lot of flux in international trade and international trade arrangements, and they're interested in our views, and I think they're also interested in our cooperation and support which they've just experienced in the last week or so in APEC again, and they see us as a solid and valuable friend.
- J: What discussions about APEC, Prime Minister?
- PM: There's an APEC meeting just concluded, and again Australia and Japan have played amongst others a leading role in those negotiations and discussions. I think they attach considerable importance to APEC and to the role of countries in the Asia-Pacific area.
- J: Did you raise any concerns about access for Australian products to Japan, Mr Keating?
- PM: Yes, I raised a couple of bilateral issues. The first was about the Japanese economy, economic influences around the world. And the second, about some bilateral matters - the MFP for instance, for which I had a very positive response, further collaborative things in Japan, the cooperation of MITI and developing with us a consulate system in Japan which can advance the distribution and access by Australian companies to the Japanese market. And Mr Watanabe gave me very strong assurances about the support of MITI, and that's confirmed by our officials. But also a good, valuable, general discussion about international trade influences, multilateral issues - NAFTA, the Hub and Spokes proposal of President Bush in Detroit, for bilateral trade arrangements and what they mean, what Japan thinks of them, how we should respond to them. And I made it clear that Australia would not be part of any pact which damaged Japan's interests, and that we're seeking the general conclusion of the GATT Round as the best way of getting the psychology right. So just as the French vote on Maastricht was important in getting psychology right, a conclusion of the GATT Round will get the psychology right on trade, and hopefully diminish whatever interests some countries may have in making bilateral arrangements.

J: Did they raise any concern about NAFTA and the implications that might have for ...?

PM: No, except to say that they are determined to see that it is GATT friendly, that it accords with GATT, and if it is truly a trade liberalising thing in GATT terms, that it accords with GATT, well then I think any objections Japan may have will be diminished.

J: What about the Bush proposal, what's their response on that?

PM: I think they want to know more about that and it will depend on the details. It depends on whether or not we are talking about bilateral arrangements between the United States and some countries. The problem is, what is not known about it at the moment is that it may well be so that the United States can make a bilateral agreement on trade between itself and some countries, but at the end of the Spokes, while the Spokes may emanate from the hub of the United States it may not induce open trade arrangements between those countries at the end of the Spokes. That is, it may be suitable to the United States but whether it is generally beneficial to a group of countries would be of course only obvious when the details of any particular trade arrangement were revealed. So they are 'let's look and see'.

J: Have you done anything to seek clarification of what Mr Bush's proposal does involve, what its implications are for Australia?

PM: The Americans have been thinking about this, Mr Baker has talked about it at some length, but again it comes in the flurry of an election campaign, it will only have status in the hands of a new administration, so the sensible thing is to inquire but to wait and see.

J: Prime Minister, on bilateral issues, did you raise the concern that Australian automotive car part manufacturers have about access?

PM: Yes, I asked Mr Watanabe for an assurance that in any third party arrangements to diminish trade imbalances in Japan's favour, that Australia was not a casualty of any third party arrangements in terms of our trade. And that assurance was generally freely given.

J: Did you talk about the reports that the Japanese are keen to see an Asia-Pacific leaders summit and would that be part of APEC?

PM: No, but I'll be talking to the Prime Minister about that this afternoon and I'll see

J: Are you encouraged by the signals that have emerged?

- PM: I've already had quite a positive letter from him about it, and as you know there has also been some other advice given within the bureaucracy about it which has emanated in the press. But again, on these things what will matter is what the Prime Minister says.
- J: Mr. Keating, there has been a bit of static I suppose you call it, in the debate about trade with Japan recently in Australia. Did that come up in any sense or in the context of earlier discussions?
- PM: No it didn't, and it was not for me to be raising that here. What matters here is the continuity in the relationship and focussing on the things that matter rather than any notes of discord in Australia.
- J: But John Dawkins raised in Washington, he said that you notice that in Japan, he criticised them in particular for their non tariff protection on trade. Did you mention that at all in your talks?
- PM: Non tariff barriers have been part of the debate for a decade or so, and this whole process of tariffication is an issue in the agriculture area of the GATT, and it will be one of the things that will need to be considered if we actually get a firm conclusion on agriculture.
- J: When you gave your assurance that you wouldn't enter into any agreements that would hurt Japan, was that in the context of the Hub and Spokes?
- PM: Generally.
- J: And did the Japanese give any reciprocal assurance?
- PM: They take Australia seriously and they take Australia well. There's a lot of interest in this country in Australia and a lot of good will towards it and we should understand that and value it. Thank you.
- J: Thank you Prime Minister.

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