



## PRIME MINISTER

**SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP**

**ADDRESS TO THE JAPAN NATIONAL PRESS CLUB  
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I am delighted to have this opportunity to appear before the Japan National Press Club.

This is the second time I have addressed this distinguished forum. I held a press conference here in 1986 during the first of three visits I made to Japan as Australian Treasurer.

In my opening remarks today, I should like to offer some observations from an Australian perspective on the process of far-reaching change now occurring in the Asia-Pacific region.

I shall also explain how I see the Australia-Japan relationship fitting into this wider context.

The timing of my visit to Japan is most opportune, considering the character of the strategic and international economic policy issues now facing Australia, Japan and our regional partners.

The centre-piece of my program here in Tokyo is, of course, the extensive discussions I had yesterday afternoon and last evening with Prime Minister Miyazawa.

My talks with Mr Miyazawa complement very nicely discussions I had earlier this year with two other key regional leaders - President Bush of the United States and President Soeharto of Indonesia.

As you know, President Bush visited Japan after his visit to Australia last January, and President Soeharto will visit Japan next week.

Prime Minister Miyazawa also made an important visit to Washington last July.

An active process of heads-of-government diplomacy is entirely appropriate given the increasing degree of fluidity which now confronts us in regional affairs.

The end of the Cold War has brought about a revolutionary era in international relations.

The most dramatic changes are those we are witnessing in Europe, and throughout the former Soviet Union.

But it is also important to acknowledge that, in the Asia-Pacific region, we have entered a period of transition which presents regional governments with major policy challenges.

In strategic terms, the outlook is generally favourable, albeit less predictable than it has been.

Although Russia retains formidable military assets, its posture towards the region is now much more benign than in any period we have known throughout the post-war period.

The Australian and Japanese Governments both welcome an improved diplomatic environment on and surrounding the Korean Peninsula

- . the normalisation of Russia-China relations
- . an improvement in China-Vietnam relations
- . and the opportunity we now have - despite all the recent difficulties to help the people of Cambodia begin a process of national reconciliation and rehabilitation.

Against the background of these positive developments, I discussed with Prime Minister Miyazawa two important subjects.

First, we reaffirmed the view of our Governments that long-term strategic engagement in the Western Pacific by the United States is fundamental to the maintenance of a stable security environment.

We agreed that Australia's and Japan's separate alliances with the United States each make a significant contribution to wider regional stability.

Secondly, Prime Minister Miyazawa explained to me Japan's aspirations to play a more active international role, particularly in the Asia-Pacific region.

Australia welcomes a more active Japanese role in international and regional affairs.

We see that as a natural feature of an evolving regional scene, where the countries of the Western Pacific translate economic dynamism into increasing collective weight in world affairs.

We are confident that Japan's international role will develop constructively, and in ways that receive increasing legitimacy from both the Japanese public and other countries in the region.

I told the Prime Minister that Australia welcomes Japan's willingness to participate in United Nations peace-keeping activities.

The Australian Government is pleased that Australian and Japanese military and civilian personnel will be working together in the United Nations Transitional Authority in Cambodia.

We should like this to be a model of the ways Australia and Japan can, where feasible, join forces diplomatically to help resolve regional disputes.

These matters of foreign policy are important.

Generally they reflect a continuation of our existing policies.

I think that so long as we can be reasonably confident of a favourable strategic outlook, the single most demanding international question facing regional governments is trade policy.

It is now a high-policy matter of first priority.

We all have a lot at stake in this issue.

It so directly affects our future prosperity.

Put simply, regional governments need to decide what nature of trade alignments and arrangements we want to operate in the Asia-Pacific region as we move towards the twenty-first century.

I know some commentators believe that the multilateral trading system could easily degenerate into three competitive blocs comprising the EC, the Americas and an East Asian group led by Japan.

The progressive globalisation of trade and investment flows militates, I think, against an outcome of this kind.

It is also instructive to note that, for all the intensity of economic interchange within East Asia, the United States is still the biggest export market for most East Asian economies including Japan, South Korea and Taiwan.

But, even with a successful outcome of the Uruguay Round of multinational trade negotiations, there could well still be an increasing tendency towards bilateral, subregional, and regional trade arrangements.

The North American Free Trade Agreement linking the United States, Canada and Mexico is now becoming a reality.

The United States is interested in concluding bilateral free trade arrangements with countries in Latin America and elsewhere.

In South-East Asia, the ASEAN countries are committed to establish their own free trade arrangement.

What should Australia and Japan make of these developments?

In my discussions with Prime Minister Miyazawa, we reaffirmed the crucial interest that Australia and Japan share in the maintenance of an open, non-discriminatory, multilateral trade system.

Both our Governments accord high priority to an early and successful outcome of the Uruguay Round of multilateral trade negotiations.

We accept that free trade agreements have the potential to bring benefits to both their members and external trading partners.

But we emphasised the view recorded in our joint press statement that such arrangements should be open, consistent with GATT, and contribute to expansion of the world economy without hurting the interests of third countries.

I attach importance to this seemingly straightforward coincidence of view

because it means, in practice, that we should not encourage subgroups in the Asia-Pacific region which acquire an inward-looking or exclusive character.

Prime Minister Miyazawa and I also underlined our support for Asia-Pacific Economic Cooperation (APEC) as an essential mechanism for promoting open regionalism.

We welcome the commitment made at the recent Bangkok Ministerial meeting to promote APEC's trade-liberalising role.

One of the most interesting policy challenges now facing the region is deciding what can and should be done to ensure that international and regional institutions better reflect the growing weight of the Asia-Pacific region in world affairs.

I personally think that APEC has great potential in this regard.

The organisation not only embraces the main economic linkages between the Western Pacific and North America.

It also provides a benign framework in which the world's two largest national economies - the United States and Japan - can harmonise their approaches to regional economic issues.

The notion that there should be periodic heads-of-government meetings based on APEC membership is a good one.

Such meetings would fill a conspicuous gap in regional relations.

They would also invest APEC with greater political weight and status.

I have been encouraged by the reactions so far to this proposal, including from Prime Minister Miyazawa.

I believe it is a proposal which, if advanced carefully over the medium term and with thorough consultations on the specific details, will bring a beneficial coherence to the region.

I should also say something about Australia's credentials for playing an active role in the future affairs of the Asia-Pacific region.

One of the points I want to stress is that Australia's bilateral relationship with Japan is a key element in the network of economic interdependence which has brought such benefits to the Western Pacific.

Last year, Australia-Japan two-way trade was worth almost 20 billion US dollars.

Japan has been Australia's largest trading partner for many years.

In 1991, Australia was Japan's sixth largest trading partner, and third largest source of imports.

The relationship is mature and longstanding.

In the 1960s and 1970s, Australia came to occupy a key position as a supplier to Japan of industrial raw materials and energy.

Japan's decision to source its raw material inputs from the most commercially competitive foreign suppliers was one of strategic importance for both our countries.

Australia developed a close relationship with Japan's steel-making and power-generating industries, which themselves played a central role in Japan's remarkable industrial expansion.

And Australia's economic development benefited greatly as a result.

These days the economic relationship has diversified well beyond the traditional trade in farm products and minerals and energy.

Later today, before a senior business audience, I shall explain Australia's achievements in making our economy more competitive and internationally oriented, and our determination to go much further with this process.

Australia now exports approximately 23 per cent of its total output compared with 14 per cent in 1983.

A shift to exports of 9 per cent of GDP is truly a landmark change.

As part of this transition, we are now the tenth biggest supplier of manufactures to Japan - ahead of Canada, Hong Kong and all of the ASEAN countries.

The economic relationship with Japan has also shown exciting growth in relatively new areas such as tourism, supplying LNG, and Australian exports of high-technology items such as computer software and medical equipment.

A well-established economic relationship has provided a secure basis for the Australian and Japanese Governments to develop an active dialogue on a wide range of international and regional issues of shared concern.

Japan's position as the leading country in the Western Pacific region is beyond challenge.

Australia's credentials in the region largely derive from its institutional stability, its sole tenancy of a continent, the strength of its economic relations with regional neighbours, most notably Japan, and many of the developing countries of East Asia.

Australia has demonstrated the contributions it can make to regional diplomacy on issues such as Cambodia and the establishment of APEC.

Within Australia itself there is increasing interest and confidence in our national identity, an increasing willingness to confront the new challenges we face as a nation, and increasing understanding that many of those challenges are substantially related to our place in the Asia-Pacific region.

Much more than ever before, Australians are now conscious of their place in the Asia-Pacific.

In this, our view of the region, Japan has a central position.

It is against this background that I have come to Japan to develop an even closer working relationship with Prime Minister Miyazawa and his Government.

I am most satisfied with the quality and substance of our discussions yesterday.

They have helped Australia position itself to make optimum responses to the profound changes now unfolding in the region.

Having made these opening remarks, I am happy to respond to your questions.