



## PRIME MINISTER

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### ROUGH COPY

#### QUESTION:

Mr Prime Minister thank you very much for coming here today, (inaudible) you have been emphasising that the future of Australia lies in Asia and specifically speaking what is your vision of future Australia in Asia?

PM:

Well Australia's already substantially locked into Asia by way of trade, 60% of our exports go to the region. And investment between Australia, Japan for instance is the second largest investor only by a fraction could be the largest investor. In Japan, Australian companies are investing more right throughout the Asia/Pacific area, South East Asia in particular as well as some places in North Asia.

So by way of its trade substantially you know focussed upon the Asia/Pacific area and with tourism flows again making that binding even tighter, Australia is one of the principal destinations for Japanese tourists ... and again being more Australian to travel to the Reef and the other principal factors of course .. we live in the region. Australia has dramatically (inaudible) border protection. It's an open trading country and its mostly open to trade with the region.

#### QUESTION:

So that's why you are visiting here to Japan and have you gained much by it?

PM:

Well Japan's our largest trading partner a great source of investment and we've developed now a long term relationship from the early post war years onwards.

We were the principal suppliers of raw materials to Japan when Japan was building its economy in the 60s and 70s. We are the third

largest source of imports to Japan this very year so we have a long standing relationship and that relationship is diversifying and now has of course many personalities in it, many people that are participating in it so there are great sedalities (?) of people who belong to Australia/Japan Business Cooperation Councils and it has now its own momentum.

As well as that we are joining with Japan in such things as Peace Keeping Forces in Cambodia...so the relationship is deeply broadening all the time and it is appropriate for Prime Ministers to meet occasionally to discuss issues particularly at time of change.

**QUESTION:**

Now I would like to ask about your views: How do you see the PKO activities in Cambodia for which Japan is going to send self defence forces troops to Cambodia this coming fall ...What do you think about this?

**PM:**

Well this is under the auspices of the United Nations and the Post Cold War Era of the United Nations has if anything concentrated its importance in some of the regional trouble spots where the overlay of the superpowers has diminished. And I think this is an entirely respectable position for the various countries to take particularly say in the Cambodian context where we are seeking to restore peace to that country.

Now, I understand the sensitivities within Japan of employment of Japanese Self Defence Forces in any role beyond Japan's shores but this is a circumscribed role, it's a defined role, it's a role it'll share with other countries including Australia and can I say that we're delighted to have the Australian Defence Forces serve jointly, together, side by side with the Forces of Japan and I am quite sure that with this exercise which happens to be under the command of an Australian that the task given to all of us by the United Nations will be fulfilled and this is no less true of Japan. I am sure Japan has done entirely the right thing in being there.

**QUESTION:**

Do you see then any prospects for hope or for peace to be realised in that region?

**PM:**

I think that substantial prospects, I mean we have seen a big change in the strategic environment in the region.. but with the strategic environment being now more benign than it was before the decline of the old Soviet Empire but it's also none the less more complex. benign but more complex ..so countries are deciding their own posture now that (sought) of bipolarity of the super powers has diminished somewhat. But I think with the Cambodians it is important just for the Cambodian people if not for the region in general that peace is restored there, and this could only have a settling influence on the whole area. So, it's a worthy thing to be there and let's hope that both Australia and Japan as active players there are doing it well.

**QUESTION:**

Now you have been proposing that APEC meetings should be changed from a meeting on the ministerial level to political leaders or prime minister/prime minister's level. Is the group a small group proposing the change?

**PM:**

Well unlike the North Atlantic area there is no one forum where the leaders of the Asia/Pacific, North Asia, South East Asia, the Western Pacific, Eastern Pacific, there is no one forum where leaders can meet and talk about issues of substance. Now one of those subjects and of course trade and economic policies and Australia first proposed APEC as a discussion point for trade and economic issues. They have since been adopted and its attended at ministerial level..It's now becoming institutionalised, the headquarters have been decided to be in Singapore and it's starting to go at its institutional pace and strength but I think that Australia's strengths and pace are going to be very greatly enhanced by the attendance of the Heads of Government of the constituent countries. So it has incredible authority and weight and mass of weight to be able to not simply debate things but decide things.

So I think in the first instance we see a fair bit of trade liberalising force, and the other thing I think it does, it induces a more activist role by the United States in the Asian Pacific area because while the preponderance of US trade is in the Pacific the bulk of its institutional arrangements are in the Atlantic and I think its very much in the interests of all of us in the Pacific, Japan especially, to have a basis of dialogue where issues and trade between the United States and Japan be discussed and worked out and worked out to the mutual satisfaction of the rest of us in the area. So it would serve that purpose and the other thing is having the influence in a liberal democracy like the United States actively involved in this would be a good thing as well.

So I think APEC has come of age at the Forum and to make it even more effective representation of the constituent countries and Head of Government periodically will I think do a great deal to enhance its society.

**QUESTION:**

As our largest trading partner, we would like to ask about the Japan/Australia relationships. Japan has been undergoing deep recession lately and Japan is not investing as much as it used to in your country so what will you expect of Japan?

**PM:**

This may generally be true about investment but we are seeing now a couple of very significant investments in the manufacturing industry. The Toyota Motor Company is now just investing, in the course of investing nearly \$750 million in a state of the art motor plant in Australia and Mitsubishi Corporation is considering now spending another \$600 million which by international standards is a large investment.

So the character of the investment is changing where in the late 80s it was in real estate and tourist related ventures and construction. This is less true today but we are seeing now a shift to some substantial investment in manufacturing which we regard it as a good thing.

Given the fact that some of the products will feed the international distribution system for those particular companies. Japan's growth is slow at the moment, but I took the opportunity to congratulate the government of Japan on its physical package. Which is I think both timely and courageous, over 2% of GDP is a very large package by your Government, and it comes I think at the right time for the Japanese and the world economy so I am hoping it will do as your Government thinks it will do...that's lift activity in Japan and at the same time lift activity in the world because Japan is now such a large player in the world economy.

QUESTION:

Excuse me when you say million dollars you mean Australian dollars?

PM:

Sorry..no for all intents and purposes just say dollars because while A\$700 million about US\$500 million.

PERSON:

Thank you.

QUESTION:

Now with regard to the new movement of Japan in Asia, there are some voices that call for Japan, some people are saying that Japan should be nominated as a permanent member of the UN Security Council. What do you think about this?

PM:

Well, we agree with that.. We're supporting Japan and it is obvious to the Security Council. We think that Japan can play and should play a larger international role, and a Security Council place is in keeping with the size of Japan in the world economy and its influence on world affairs. So we think the Government of Japan is following the correct policy in lifting gradually, but clearly lifting Japan's international involvement in world affairs and given that the United Nations are now applying an even greater role than it was before the end of the cold war. This is an entirely sensible thing for Japan to be doing to secure a seat at the Security Council and in that it will have Australia's support.

**QUESTION:**

Now the last question is about the Uruguay round GATT. Do you think it is possible for the Uruguay round to be completely successful by the end of this year?

**PM:**

Well I think it has lead (?) to time at the moment, because it is somewhat complicated by elections around the world. It's important for it to be concluded successfully.

I think it is very important. Because I think the psychological value of the successful conclusion of the round will do many great things for the trade environment and a lot of the.. what we see is apparent movement towards bilateralism may diminish when people understand there are very nice international overlay or backdrop to world trade

So it is important to see it completed. The stalling point has been on agriculture in which Australia has a keen interest, but the basis of the argument is one between largely the Europeans and the United States about agricultural subsidies. There's an issue for Japan in here as well and its the tariffication issue in respect of rice.

That'll be a difficult issue for you but the benefits of the round will so outweigh any concession Japan may provide in this area as to make a successful completion to the round very much in all of our interests most particularly Japan which has a very large space in an open free multilateral home environment.

**ENDS.**