



PRIME MINISTER

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

**DINNER FOR KEIDANREN MISSION
PARLIAMENT HOUSE, CANBERRA,
WEDNESDAY, 9 DECEMBER 1992**

Mr Itoh, Ambassador Hasegawa, distinguished guests,
ladies and gentlemen.

I am delighted to welcome Keidanren's Economic Exchange
Promotion Mission to Australia.

The Australian Government and business sector value
highly the close relations we have enjoyed with Keidanren
over many years.

We recognise Keidanren's pre-eminent position among
Japan's national business organisations.

We admire the broad and long-term view your organisation
takes of your country's economic circumstances.

Both with regard to an unending process of economic
restructuring within Japan, and the evolving challenges
you face in the international economic environment.

During my visit to Japan last September, I had an
opportunity for private discussions with your Honorary
Chairman, Mr Eishiro Saitoh, and other senior business
leaders.

Mr Saitoh's personal experience of the Australia-Japan
economic relationship spans more than four decades, and
he brings a great deal of understanding and authority to
our joint interests.

He spoke warmly about the contribution that Australia's
reliable supply of raw materials and energy has made to
industrialisation in Japan.

For our side too, trade with Japan has been a crucial
component in Australia's economic advancement.

Our two countries enjoy a truly mature and diversified
economic partnership.

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The bilateral trade relationship, now worth almost 20 billion US dollars a year, is one of the principal sinews of economic interdependence in the Western Pacific.

But there can be no room for complacency about past achievements at a time when the Australian and Japanese economies face severe challenges both at home and abroad.

Your mission to Australia is well timed.

You have the opportunity to observe the effects of historic changes in both the economic performance and attitudes of Australians.

During the 1980s, we embarked on an irreversible process to open our markets to the world, and to make our economy more internationally competitive.

We now export approximately 23 per cent of total output compared with 14 per cent in 1983.

Our rate of taxation to GDP is now one of the lowest among OECD countries, virtually the same as Japan's.

We have transformed ourselves from a high inflation nation to a very low inflation nation.

We have increased our competitiveness by well over one tenth.

We have replaced industrial disputation with a cooperative system which has delivered the lowest level of strikes for 30 years.

We are moving away from the centralised fixing of wages.

We have decided to make most wage settlements by negotiation, and at the enterprise level.

We expect more than half the workforce to be covered by enterprise bargains by the middle of next year.

During your visit, you have no doubt seen something of the current political controversy about labour relations in the State of Victoria.

The difference between the Australian Government and our political opponents is that our side puts emphasis on encouraging change and improved productivity through consultation and respect for basic labour conditions rather than by adopting a confrontationist approach.

Recession and restructuring have caused unacceptably high levels of unemployment.

This year, we have invested a great deal in measures to alleviate the social and human consequences of unemployment.

The Australian economy is now growing at an annual rate of about two per cent in real terms.

This is among the fastest rates in the OECD but not yet sufficient to bring unemployment down.

Those of you who knew Australia before will have seen that attitudes have also changed markedly.

Despite setbacks and hardship, there is awareness in Australia as never before that our standard of living depends totally on how well we make our own way in the world.

As you have learned in Japan, change induces more change.

Australians now have a new sense of national identity.

The challenges which face us are inspiring a new sense of national purpose.

The recession has set us back, but the Australian people, I believe, recognise the worth of what they achieved in the past few years, and are not willing to give these things up.

We have laid the basis for economic transformation.

We know the direction we have to go - and I am confident that the Australian people are determined on going that way.

We have a more confident view of our role in the Asia-Pacific region.

We have a sharper awareness of the opportunities for us to engage more closely with economic dynamism in East Asia.

Australians are now committing much greater resources to education and training.

This is so we can better meet the demands of a modern, internationally oriented economy.

We recognise that Australia's human capital provides a comparative advantage in economic relations with the rapidly developing economies to our North.

Earlier this week the State Premiers and I agreed to develop a comprehensive strategy to promote the study of Asian languages and cultures in Australian schools.

Already around 100,000 young Australians study Japanese.

As Australia fully comes to terms with the potential of our economic relations with the wider East Asian region, the importance of relations with Japan is unlikely to diminish.

Japan still accounts for 28 per cent of Australian exports, compared with 57 per cent for all East Asia.

Mr Itoh and colleagues, I trust that your mission will return to Japan impressed with the vitality of the bilateral relationship with Australia and the scope for two-way expansion of trade and investment.

From the Australian Government's perspective, the relationship with Japan is a corner-stone in the development of our broader policy towards the Asia-Pacific region.

Both our countries have a fundamental interest in the maintenance of an open, non-discriminatory, multilateral trading system and in the promotion of open regionalism in the Asia-Pacific area.

A recent article by a senior Japanese official in a journal published by the Japanese Foreign Ministry attracted close attention here.

The author identified Australia as having the attributes to be a key partner of Japan in promoting a desirable form of economic integration in the Asia-Pacific region.

I should say for Australia's part that we are always ready to work closely with the Japanese Government and private sector to strengthen cooperation at both the bilateral and regional levels.

Senior officials of the two Governments will be discussing just these sorts of issues early in the new year as a follow-up to my visit to Tokyo.

In responding to an increasingly fluid world trade system, Australia has a core interest in maintaining the most favourable possible environment for our bilateral trade relationships with Japan and the other economies of East Asia.

As I said in Japan in September, Australia will not be a party to any trade arrangement which is directed against Japan.

But in all of this our aim should be to avoid an inward-looking relationship and work together to encourage the most open possible processes of economic integration in the Asia-Pacific region.

The Asia-Pacific Economic Cooperation or APEC process is a particularly valuable mechanism in this regard, because it embraces the key economic linkages between the countries of the Western Pacific and North America.

The interests of both Australia and Japan are best served by ensuring that the Western Pacific and North America remain part of the same thriving trading community.

Mr Itoh and colleagues, let me again welcome you to Australia.

And let me say on behalf of all the Australians here this evening that we hope that your visit to Australia is both professionally satisfying and personally enjoyable.

Thank you.