



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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PM: I thought it might be useful to give you an impression of the meeting I had this morning with Minister Hashimoto. I have been quite friendly with Minister Hashimoto now for many years when he was Finance Minister and we have corresponded at various times over the years since and I am delighted that he has come back into the government as the Minister for International Trade and Industry. This is a country which takes a quarter of all we export and it's our largest trading partner, and having, well certainly, an associate a relatively a close associate - in the job here makes things somewhat easier for me.

We had a very good discussion today about the international scene in general and about APEC in particular. And, as you know, Japan was one of the founding forces of APEC and with Prime Minister Miyazawa and MITI back a couple of years ago. They played a very significant role getting the change in APEC from an information-sharing secretariat to a leaders body, a heads of government body, and to be able to give it a greater role in trade facilitation and liberalisation. So today we had a talk about this and about the importance of the Leader's Meeting in Bogor which will require - and this is a very large undertaking that is going to require a lot of spadework over a period, and a lot of dialogue and a lot of discussions - but, I think - I say today that our discussions were very positive and, as you know Minister Hashimoto particularly from the G-7 Meeting, you know that he is a very strong advocate of free trade and we have shared views on the need for free trade in the region, and we agreed on the need to make the Bogor Meeting a success. I think they are very conscious of the fact that there is a great opportunity here with President Soehartoe's leadership.

This is a quite unusual circumstance where the leader of a developing country and a large one representing developing countries in ASEAN are, in a sense, providing the lead, to a very substantial international undertaking in trade. In the past we have

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expected these things to come from the developed countries and the G-7, this is in a sense coming the other way - it's coming from developing countries, and I think that Japan understands and values this. But, of course, I'm looking forward to the meeting with Prime Minister Murayama later in the day, and it is after that that I can say..give you an impression where I think Japan is standing on some of the issues coming up to APEC and some other issues as well.

J: Prime Minister, do you believe that the 2020 target set out by the Eminent Persons Group, do you believe that target is ambitious enough? Do you think it should be improved upon?

PM: Well, the Eminent Persons Group Report is an indication of the direction, I think, which leads to things because all the people on it are private people who have come back to their respective governments and, in a sense, what you have is the sort of, well, both a coalescence in the EPG Report and, I think and a bit of a compromise. The leader's will do something else again, and I think the strength of the Seattle meeting was that the Leaders met without officials, and they decided where they want to kick the ball themselves. So, in a sense, the EPG process is useful in fleshing out the initiatives and trying different issues on different constituencies within APEC, and trying to see how far that can be generally agreed - it's then really up to the Leader's to see what they do with it. So, the EPG report took us in the right directions, but I think the Leaders will give that more precise expression.

J: From an Australian own point of view, would you like to see a more ambitious target?

PM: Well, what I want to see is something which is generally agreed. I mean, in terms of industrial protection, Australia can make these targets much earlier..(inaudible). But, we want to see this be a discussion not simply about tariffs, but about services and non-tariff barriers as well. It is not simply a matter about, you know, target by a certain date. I mean, I think everyone understands the value of this, that is all the participants, and they're thinking hard about what they can contribute at Bogor.

J: The Malaysians have been lobbying hard over the last few days - Deputy Prime Minister Ibrahim has been here trying to push EAEC along. Are you concerned about this competition with the Malaysian proposal?

PM: Look, I didn't mention the EAEC. I mean, APEC is the main event and the one that matters. Why should I bother with the EAEC, particularly, I mean, in terms, you know, the notion you put which is some sort of competitive thing.

- J: Prime Minister, last week senior Japanese Foreign Ministry officials were indicating that because GATT wasn't even through the DIET here yet, in their words "the bruising hadn't healed from GATT", it wasn't time yet for Japan to start on another free trade round. Did you get any signs of that this morning?
- PM: No, and in fact Japan played a very positive role at the Naples meeting so, I don't think you can assume that is right. I mean, look at what they did at the G-7, and what they did there was really argue for, you know, further liberalisation. All countries will have their pressure points in pushing the GATT Round through, but the GATT Round was important for the fact that it did advance the process of trade and lower levels of protection and to facilitate investment in sectors which were formerly off-limits. So, every country that signed up to Uruguay will have this during the ratification process. But it's done and we expect it to be ratified.
- J: What was Minister Hashimoto's view about the fixing of the firm date at Bogor?
- PM: Well, we didn't go into specific dates. Only to say that one of the clear objectives of Bogor will be to talk about free trade, you know, within certain time frames. But these are matters I want to discuss more fulsomely with the Prime Minister.
- J: What was his general sort of response though to a more aggressive push?
- PM: Japan has been right on board the APEC bus from day one. Prime Minister Miyazawa, as I said earlier, MITI and the Gaimusho (MFA), I mean, it was important in getting support for the Leaders Meeting in the first place, and for the objectives which Prime Minister Hosokawa helped push through, and the work program at the Seattle meeting. So, you have got to see Japan as basically a positive player in this.
- J: Prime Minister, what's changed? You said on Friday that Japan now is more enthusiastic about APEC as a vehicle for trade liberalisation - what evidence do you have for that?
- PM: Well, I think that Japan...I mean, a view was put to me a few years ago that in terms of APEC and any liberalised trade, that Japan would be the first beneficiary. And I think that is right, and I think Japan sees that too. I mean opening up East-Asia and North-Asia to products and multi-lateralising the interests of the United States in Asia, multi-lateralising with China, is something which must naturally fall to Japan's advantage.

- J: Mr Keating, what's the difficulty in trying to manage the Japanese desire to MFN, and the American desire to do everything more unilaterally..(inaudible)..?
- PM: Well, I don't see that certainly with Bogor. I mean I think the likelihood is there that there will be a further meeting, and I should be pleased if the next Leader's Meeting was actually held concurrent with a Ministerial meeting in Japan. And, I think, once there are generally agreed principles at Bogor, I think, it is then a case of bringing in the ministries for some of the, sort of, beauracracic weight to try and solve some of the other problems. I think this is where the leaders can provide the value, I mean to kick the thing along. There are then plenty of agencies to sort of scrabble over the details.
- J: But they're fairly important details?
- PM: Oh yes, sure. But it's not so important that, I think, anyone is going to let the thing go.
- J: Do you think they are prepared to sign off without actually knowing how they..
- PM: Well, I can't say that without speaking to the Prime Minister.
- J: Mr Keating, on the wider level - the issue of Japan's international role, typified by questions such as its membership of the Security Council. Previously Australia has stated it supported Japan becoming a permanent member. What is Australia's position on that now, and also extending that to the peace-keeping question?
- PM: Well, our position remains the same. I mean, we think Japan can play...it's the second-largest economy in the world, it's a large country, it's a major player in the world - we think Japan can be a very positive force in the Security Council. That's always been our view, and remains our view.
- J: When My Murayama became the Prime Minister, he announced a freeze on their bid for Security Council membership, and there seems to be some tensions between his Socialist Party and more nationalistic (inaudible) is that a problem for Australia, evaluating that?
- PM: None of this is a problem for Australia. It's about where we see vis a vis Japan and the Security Council issue. I mean, we see ourselves as being essentially supportive of this. And I think that, you know, the coalition.. has, despite the predictions of the pundits, is getting some real standing and potential longevity, and the decisions by the Prime Minister's party over the last weekend in some of these major issues - such as the US Alliance etc, nuclear power - is clearing away a lot of

the inhibitions for his party - the Socialist Party - to participate more fulsomely in Japanese politics and Japanese policies. This, I think, is a very good sign. Now, in this clearing away of issues, probably one of the issues which the Prime Minister will clear his mind on is this question about the Security Council. Now, it would fit very much in with the constellation of issues which his Party discussed last weekend.

J: Mr Keating, did you discuss bilateral issues as well this morning with Mr Hashimoto?

PM: No, no. Because I think we both understand that Mr Hashimoto visited Australia a few times, I mean, he knows where we stand. He knows about the - clearly - about the weight of our trade, our importance to Japan as a raw material supplier and now unilaterally as a supplier of food and high technology products. They know about Australia's economic performance, and you know, in the time I have with him, we want to concentrate, I think, on international issues.

J: At the South Pacific Forum you had some fairly strong things to say about some Asian resource companies in the forestry and fishing areas exploiting Pacific Island nations. As the Chairman of the Forum this year, how strongly are you passing those concerns you articulated on in Brisbane onto Japanese in terms of their companies?

PM: Well, forth-rightly. And when I get a chance to tell the Prime Minister - I think it is part of my role as Chairman for the year, of the South Pacific Forum, to actually transmit some of those messages. And, you know, frankly I think that a mature industrial state like Japan will understand where the message has come from and why they have come. But again, I look forward to taking that up at my meetings this afternoon and with my meeting with the Prime Minister.

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