



Australia-Strong Partner for the Region

A speech by

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Ambassador of Australia to Japan

Japan National Press Club

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I am very pleased to be able to address the members of the Japan National Press Club for the first time, and would like to thank Mr Harumi Iwasaki, Managing Director, and his staff for making all this possible. When the Club first discussed the subject of today's speech with us at the Embassy, I suspect people here had their eyes on the calendar and saw that I would be speaking shortly after the conclusion of the APEC meeting in Pusan. They said that the members of the Press Club would find it interesting to hear Australia's views on developments in region-building, a subject which I know has been covered by other speakers here in recent months.

I was happy to agree to this suggestion, because I think many of you may be surprised by the depth and breadth of Australia's involvement in the region. It is an involvement that benefits both my country and all the others in this part of the world, and it is an involvement that covers all aspects of international relations – trade, security issues, and cultural and people-to-people links.

In speaking to you today about how Australia sees the future of region, I am going to touch on the future of some of the groupings that have developed, and continue to develop, in this part of the world. But I also want to stress that an important part of Australia's interaction with the region – indeed, of interaction between all countries – takes place outside formal mechanisms and groupings, and is an important factor influencing the future development of regionalism as a whole. For Australia, what counts most in terms of regional engagement is the substance of relations between countries, not the exact nature of the mechanisms employed to achieve those results.

Ours is a dynamic and rapidly changing region. As the Prime Minister of Australia, Mr John Howard, pointed out recently, the Pacific Rim will be the focus of world events this century, with the economies of Asia set to influence the world economy in a way that last occurred more than five hundred years ago. But as he also reminded us, this is also the part of the world where volatile flashpoints like the Taiwan Strait, the Korean peninsula and Kashmir are located.

Clearly, we share a common interest in ensuring that the future development of our part of the world takes place in a way that will ensure its continued growth, prosperity, peace and stability. Restraint, understanding and adaptability will need to be shown by us all.

When Australia interacts with this region, with all its changes and challenges, we do so in a clear-headed and practical manner. But we also have faith in its future.

We are a country which is culturally diverse – we have citizens who have come from every single nation in Asia, a fact that has been a great asset for us in dealing with the region. It also allows us to recognise Asia's diversity and to adapt our approaches to suit the broad range of situations that face us – we have no “one size fits all” policies.

Like any country, the major part of our diplomatic effort is made in engaging countries where our primary strategic and economic interests reside. Geography and the nature of our trade flows dictate that all of East Asia, Southeast Asia and South Asia fall into that category. And for Australia, Japan is a major focus of our strategy.

As Prime Minister Howard and other senior members in our government have often stressed, there is no more important partner for Australia in this region than Japan. At a time when many around the world are getting excited about growth in China and India - and of course there are indeed many new opportunities to be pursued in those countries - I like to remind people that Japan is still the world's second largest economy and Asia's largest economy by a big margin. Moreover, Japan is Australia's number one trading partner and has been Australia's largest export market for almost four decades. This is likely to remain so for a good many years yet.

The Australia-Japan partnership has been evolving, just as Japan's foreign policy has itself been changing in recent years. We now have, for example, a three-way ministerial-level dialogue between Australia, Japan and the United States on strategic and security issues. And Australia and Japan have also worked closely together in operations in places like Cambodia, East Timor and in the major tsunami relief operations in Indonesia. Of particular note, of course, is our cooperation in Iraq, where Australian troops in al-Muthanna province are helping to maintain security for Japanese personnel as they make a significant contribution to coalition efforts to help the Iraqi people build a secure, democratic future. This is a significant example of our shared commitment to contribute to solutions to the security challenges that face us all.

In a more fundamental way, since I began my posting here in Tokyo exactly one year ago I have been struck by the extent to which Australia and Japan have so many values in common. We both have long histories as liberal democracies with highly-developed economies in a region where that is the exception rather than the rule. We also both have strong alliance relationships with the United States, and place high value on a continued US presence in the region. And we have a high level of common understanding on many of the serious issues that face the region and the world.

This commonality of viewpoints and values is why Australia is a strong supporter of Japan taking a permanent seat on an expanded UN Security Council, which we think would provide a better Asian balance on the Council and assist the future stability of our region. It is also why Australia and Japan have much to agree on when we consider the future evolution of regional architecture, including a common commitment to the principles of openness and transparency.

And if you will permit me to inject a small commercial message of sorts into this speech, I want to let you all know that Australia and Japan will be celebrating the strength of our relationship next year when we hold the Year of Exchange between our two countries. This will see a series of events – cultural, political and economic – over the year, in Japan and Australia. We will be giving you more details at an official launch early next year.

I want now to discuss how Australia interacts with the wider region. Two words that characterise our efforts here, and also our diplomacy more widely, are pragmatism and flexibility.

We engage at a range of different levels in seeking to promote our security and prosperity in this region. For example, we recognise that an equitable outcome in the WTO Doha Round would be the best result to free up and expand world trade, to the benefit of all trading nations. It is important that every participant in this process, including the EU and Japan, has an appropriate level of ambition on agricultural market access to open the way for a strong outcome across all sectors. We very much hope that the WTO ministerial meeting in Hong Kong in December will deliver forward-looking outcomes and for that reason all participants need to aim high.

While we give top priority to achieving more progress in trade liberalisation in the WTO, Australia is being active in promoting FTAs with our important trade partners, to realise benefits beyond those it would be possible to achieve under the WTO. The result of this approach has already seen Australia conclude FTAs in the region with New Zealand, Singapore and Thailand, as well as with the United States. Furthermore, we have already started negotiations with other countries, such as China, Malaysia and ASEAN as a group. At the same time, Japan has also completed or is negotiating FTAs with many countries in the region. Australia believes it would be a great shame if its relations with Japan, our closest partner in the region, were to fall behind these developments. On the other hand, an FTA between Australia and Japan would send a strong signal of economic leadership within the East Asian region.

Such thinking informed the decision of Prime Minister Howard and Koizumi in April this year to have our two countries carry out a study into the feasibility of an

Australia-Japan FTA. Australia places great priority on this study. We believe an FTA between our countries would strengthen our trade in goods and services, and also open up many new opportunities for two-way investment and for the movement of professionals and the like, thereby bringing great economic benefits to both countries, as well as creating new opportunities for cooperation in regional economic affairs.

Estimates show an Australia-Japan FTA would boost Japan's GDP by up to an extra ¥650 billion each year – that is more than any other potential FTA for Japan, apart from one with the United States, China or the EU as a whole. I know some in Japan are concerned about effects on the country's agricultural sector, but the reality would be quite different. Japanese agricultural producers would not be swamped by cheap Australian products. We have efficient producers who deliver excellent products, but there are natural limits to the amount we can produce, both to satisfy Japanese demand and the demand from all the other countries with which we are negotiating FTAs. By our best estimates, if we received all the FTA gains we would like to get from Japan our agricultural exports would rise by only 5 per cent. At the same time, efficiencies being made by Japanese agricultural producers themselves are likely to see big increases in the export of Japanese products. That said, we are very conscious of Japan's sensitivities on agriculture. It is important that both countries show creativity and flexibility in handling agricultural issues. This approach would be underpinned by a clear-sighted view of the great benefits both our countries could gain from an FTA.

Our approach to FTAs illustrates one other aspect of Australia's engagement with the region – our flexibility. In line with our belief that substance should prevail over form, Australia stands ready to engage with its neighbours in any forum - bilateral, regional or multilateral. It is an approach that has served us well in a region of rapid change and uncertainty, in an era of global interconnectedness.

Now, since I am indeed speaking to you just after the conclusion of the APEC meeting in Pusan, let me start my review of regional mechanisms by giving you Australia's views of that grouping.

APEC has made an important contribution to the Asia-Pacific region since it was established in 1989. Australia lays great stress on the role of APEC, and not just because we were one of the countries that created the body 16 years ago. Many people overlook the fact that APEC has helped encourage regional support for trade liberalisation and economic openness. And while the practical steps it has taken to facilitate trade between its nations are not the kind of things that grab headlines, I can assure you that the business people in all our countries are very appreciative of the ways it has made their lives easier.

The other important aspect of APEC has been how it has broadened its agenda to address serious challenges to the security and stability of our region. Most recently this has covered issues such as the development of cooperative initiatives on counter-terrorism and travel security, and the threat posed by infectious diseases, particularly avian influenza. On this latter point, Prime Minister Howard announced just last Saturday that Australia would provide \$100 million to various regional initiatives to combat the threat of pandemics and other emerging infectious diseases in our region.

And in terms of the practical relevance of APEC, we think that a grouping that includes the United States – particularly one that ensures that the President of that country makes regular and direct engagement with counterparts in this region – has great value.

Australia will be hosting APEC again in 2007. We are committed to ensuring the continued strength and relevance of the group through a successful meeting which will strengthen APEC's position as the pre-eminent forum in the Asia-Pacific region.

The other body in which Australia has been a member from the outset is the ASEAN Regional Forum. As an energetic participant in the Forum's discussions and activities we have consistently urged the ARF to develop capacities to respond effectively to issues that threaten regional security. For example, after the 11 September terrorist attacks we have been at the forefront of efforts to ensure the ARF makes a practical contribution to regional anti-terrorism efforts. Again, we particularly value the ARF as a body that includes the United States as a member, ensuring the continued productive engagement of that country in developing solutions to the security challenges that our region faces.

Australia is also pleased that it will participate in the inaugural East Asia Summit, to be held in Kuala Lumpur in December. The Summit will bring together the leaders of the ten ASEAN countries as well as those from Australia, Japan, China, South Korea, India and New Zealand.

Australia's participation in the EAS marks a significant step forward in our engagement with ASEAN and the other member-nations of the group. While the future form and direction of the EAS will be determined by the leaders themselves, the group has the potential to enhance the cohesiveness of regional responses to transnational threats and to promote freer flows of trade and investment. It is a body that could build important new dimensions of economic linkage and strategic association, and Australia is very pleased to be fully involved with it from the start and to contribute constructively to its outcomes.

There are many other regional groupings in which Australia plays an active and effective role. There is the ASEAN PMC – indeed, Australia was the very first dialogue partner of ASEAN, and has had a long and productive association with that grouping, and with its individual members.

There are also important regional groups that are tackling specific issues. Australia was a founding member of the Asia Pacific Partnership on Clean Development and Climate, a collaboration including the United States, Japan, China, the Republic of Korea and India to address energy, climate change and air pollution issues, especially to encourage the development of technologies which help reduce greenhouse gas emissions. The first ministerial meeting of the Partnership will be hosted by Australia in 2006.

Australia has also taken the lead in working intensively with regional countries to develop dialogues on issues like counter-terrorism, counter-proliferation and people smuggling. These in turn have encouraged the development of a very active agenda of training and cooperative programs that have helped all our nations to target the terrorists and proliferators, and make our region a much safer place. And another area in which we are working with our neighbours to counter common threats is on our response to avian influenza.

Action to provide assistance for specific emergencies is a further way in which Australia had contributed to the shared future of our region. Most recently this was seen in the way Australia helped to galvanise the world's response to the tsunami disaster at the end of 2004, both to meet the short-term needs of victims and to develop a longer-term strategy to counter natural disasters in our region. And in dealing with a disaster of another kind, Australia played a leading role in developing IMF packages for South Korea, Thailand and Indonesia in response to the Asian Financial Crisis. It was no surprise, I might add, that Australia and Japan played very similar roles in relation to both crises.

In none of these areas have we seen the emergence of formal mechanisms or groupings. But each of these interactions, through their sharp focus on the development of practical solutions to the problems that face our region, have helped build a sense common purpose and identify shared objectives. In doing so, each has provided its own valuable contribution towards community-building in our region.

Of course, there are many others examples of regional interaction and cooperation I have not mentioned. Australia has no formal role or membership in some of these, while it plays only a supporting role in others.

As I have stressed throughout my remarks, Australia remains confident of the future of this region and our role in it. You will have gathered from my remarks today that our engagement with the region, both in formal groupings and in informal interaction, is at a level that few can match. And with our flexible approach firmly focused on achieving results, the exact manner in which the results are achieved is not the crucial question for us.

The EAS is but the latest example of many incremental steps towards the objective of building more effective regional associations of practical benefit to the Asia-Pacific region. Some groupings are narrower than others, reflecting a need to meet specific regional challenges – like the Six-Party Talks on North Korea. Others deal with very narrow issues, either in scope or in duration – like the cooperation between Australia, Japan, India and the United States to mobilise international support following last year's tsunami. But all these regional fora and initiatives indicate a growing sense of inclusive regionalism and a clear recognition that many of the challenges faced by the region require effective cooperation by us all. For its part, Australia is determined to play a full and active role in these processes and our doing so marks a major milestone in our growing engagement with the countries of the Asia-Pacific region.

No one can predict with any confidence what shape the region's groupings and institutions may take twenty or even ten years from now. But one statement I have absolute confidence in making is that, whatever their shape, historical experience and common sense dictate that Australia will still be playing a major and constructive role in the years to come.