



New Zealand and Japan: Securing a future together in the Asia/Pacific

Speech to Japan National Press Club by
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Mina sa ma, konnichiwa
Good afternoon everyone.

This is my fifth visit to Japan as a Government Minister, though it is my first holding the portfolios of Defence, Disarmament and Arms Control and Trade.

It is an interesting time for me to be back in Japan, with Prime Minister Abe's new administration just having taken office. My visit provides an early opportunity to get to know my new ministerial counterparts; and to reaffirm the importance New Zealand attaches to its relationship with Japan, and to working together with Japan in the Asia/Pacific region.

There are many issues to discuss:

A major subject will be our efforts to reinvigorate our economic relationship;

There is the status of Doha round of World Trade Organisation trade talks, and how we might work together to resuscitate these;

There are the initiatives to advance regional trade and economic integration – including Japan's "ASEAN Plus 6" FTA proposal;

And, of course, we will discuss regional security issues, including the international community's response to the provocative and dangerous actions taken by the Democratic Peoples' Republic of Korea last week.

North Korea

The goal for all of us is to live in a stable and prosperous region. North Korea's recent nuclear test represents a threat to the security of the Asia Pacific.

New Zealand has joined Japan and other members of the international community in unequivocally condemning Pyongyang's actions, which are provocative and irresponsible. The path to security and progress does not lie through the possession of nuclear weapons.

Nor should any country be rewarded for that action.

The Security Council's recent strong response to North Korea's provocative actions, through its unanimous adoption of Security Council Resolution 1718 – and the implementation of targeted sanctions - sent a clear message about the international community's concern.

New Zealand will quickly implement the prescribed sanctions of Resolution 1718, and other measures.

This matter has to be dealt with strongly. But we acknowledge that resolving the current crisis in a manner that ensures the maintenance of regional peace and security must be through negotiation.

We have called on Pyongyang to implement the agreements it has previously entered into. We fully support the United Nations Security Council's call to North Korea to return to the Six-Party Talks - without preconditions. The talks are a crucial component in finding a resolution and we encourage all members to re-commit to this process.

North Korea's missile and nuclear bomb testing combined with the unpredictability of its regime – and the likely inadequacy of its safeguards – pose a threat to the security of us all, but primarily in this region.

We welcome Japan's level-headed approach, emphasising peaceful and diplomatic efforts to respond to North Korea's provocation.

We warmly endorse Prime Minister Abe's early and clear statements that Japan will not counter North Korea's recent actions with its own nuclear weapons programme.

New Zealand's Contribution to Stability in the Region

While New Zealand is relatively remote in geographical terms, we are acutely aware of the security challenges in our region, and further afield. We accept, our responsibility, as a member of the international community, to contribute to international peace building and peacekeeping missions under the auspices of the United Nations.

I was interested to read recently that Japan's Foreign Minister, Mr Taro Aso, quoted the example of New Zealand as having one of the highest per capita records of civilian involvement in international peace-keeping operations (11.5 per million of population - compared with Norway at 7.8%, Canada, 7.0%, Sweden 6.0% and Japan 0.16%) in a recent speech on Japan's initiative to promote human resource development for peace-building in Asia.

This high-tempo of engagement in international peacekeeping missions also applies to New Zealand's defence forces, with more than 420 New Zealand Defence Force personnel currently deployed on 18 overseas missions across fourteen countries - from Bosnia to Afghanistan to the Solomon Islands.

Presently, the New Zealand Defence Force has significant deployments to Afghanistan, Timor Leste and the Solomon Islands.

New Zealand was among the four countries (including three from the Asia/Pacific region) that moved swiftly to provide assistance in response to an appeal for help from the Timorese authorities earlier this year – with the full support of the Security Council.

This was a natural extension of the support New Zealand had provided to Timor-Leste during its transition to independence in 1999-2000.

At that time New Zealand committed a battalion strong contribution to peacekeeping, for nearly three years. We worked very closely, and effectively, with Japan Self-Defence Force personnel also engaged in Timor-Leste at that time.

Following the initial requirement this May for further defence force assistance to stabilise the security situation, New Zealand's current deployment in Timor-Leste now comprises a 25 strong police contingent serving with the recently formed UN mission, as well as a continued defence force presence of around 130 providing security support.

A New Zealander, Colonel Graeme Williams, has been appointed to the position of Chief Military Liaison Officer to the UN Mission in Timor Leste.

We have also played an important role in helping to restore stability in the Solomon Islands, as part of the Regional Assistance Mission in the Solomon Islands (RAMSI).

Together with Australia, Fiji, Tonga and Papua New Guinea, our defence personnel and police have helped prevent further inter-communal conflict and to restore law and order.

The RAMSI mission has made a real difference to stability and security in the Solomon Islands, though the situation remains volatile, as riots in the wake of elections in April demonstrated.

International Campaign against Terrorism

Since September 2001, New Zealand has made a strong military commitment to the international campaign against terrorism and to Operation Enduring Freedom. This has involved the deployment of ground, naval and air assets to Afghanistan and the Arabian Gulf.

This is an area in which New Zealand and Japan have worked closely together. We very much appreciated, for example, the cooperation of the Japan Maritime Self Defence Forces in the provision of re-fuelling assistance for our naval deployments, which has been very helpful in maintaining our operational capability in the region.

In Afghanistan, New Zealand's major defence force commitment is our 120 strong provincial reconstruction team in Bamiyan province. The team first deployed in 2002 and is now in its eighth rotation.

Earlier this year, we decided to extend its term for a further year – to September 2007 – in recognition of the importance of a sustained international support for security and development in Afghanistan. We may extend this deployment beyond this.

Trade Cooperation

Support for an open, rules-based trading system also has a vital contribution to play to the economic wellbeing and development of our region.

The WTO Doha round suspension in July is a negative development for countries with diverse global trading interests like Japan and New Zealand.

Both countries benefit from a robust, rules-based framework for international trade under the WTO. We

both stand to lose from a long Doha Round suspension.

Some are pessimistic about the prospects for revival of the Doha round. Yet all of the key players state that they are still committed to a result.

No one will want to take the responsibility for failure, given the importance of these negotiations to all countries, and to the multilateral trading system.

The World Bank estimates the value of full trade liberalization to the world at around US\$290 billion. All countries would benefit and, in particular, removal of trade distorting subsidies and barriers to market access would allow developing countries to share in global prosperity.

All of us benefit, too, from having a rules-based system and that could be placed in jeopardy by the failure of the Round.

New Zealand remains committed to doing whatever we can to encourage an early restart of the Doha Round negotiations. I have discussed this issue today with MAFF Minister Matsuoka and METI Minister Amari.

I welcome the clear statements from Japan's new government, as well as leading business groups such as Keidanren, that Japan is committed to working to get the Doha negotiations back on track.

As a member of the key G-6 Grouping, Japan is in a position to play a very important role in encouraging the key G-6 members – the US, the EU and India – back to the negotiating table.

Time is of the essence.

If we do not see a re-launch of negotiations by early 2007 there is a real risk that the Round will be delayed for years and may never restart, if people divert their attention to bilateral agreements or there is a return to protectionism.

Regional Initiatives

Though the WTO remains vitally important to New Zealand, we have always employed a multi-track approach to trade liberalization.

New Zealand, along with Singapore and Chile, was at the forefront of the wave of FTA initiatives that begun in the Asia-Pacific region at the start of this decade. And, the role of East Asia as the economic centre of gravity for New Zealand is becoming increasingly clear.

The countries in the East Asian Summit now account for more than half of our total merchandise trade, contribute over 80% of international students studying in New Zealand and more than 50% of tourists who visit New Zealand each year. These countries are also substantial investment partners.

East Asia is taking on even greater significance as a driver of growth for Japan. China is now Japan's number one trading partner, as well as a major investment destination.

Similarly, there is a huge two-way trade flow and a massive Japanese investment stake in ASEAN.

Japan too is now an active player in regional FTA/EPA negotiations.

New Zealand has appreciated Japan's support for the development of open and inclusive processes

incorporating New Zealand. We were pleased to join the East Asia Summit at Kuala Lumpur and look forward to contributing to its development in Cebu in December.

New Zealand strongly supported the initiative Japan took in August to promote consideration of a Comprehensive Economic Partnership in East Asia (CEPEA), comprising the "ASEAN Plus 6" members of the East Asia Summit.

I look forward to working with Minister Amari to advance this proposal and New Zealand hopes to play an active and positive role in the study process initiated at Kuala Lumpur.

We also support the idea of an Asia-Pacific FTA covering the APEC region - put forward by the APEC Business Advisory Council.

New Zealand does not see any conflict between the two initiatives. We recognise though, that it will take a new level of commitment by the major economies in the region for these ideas to evolve into viable propositions. This will take time.

The economies covered by the CEPEA initiative account for 25% of world trade and those in APEC account for 46%. This underlines the importance of both processes for our two countries, and why we should not dismiss them as "too hard".

In the immediate future there is valuable work to be done under APEC's broader agenda, including areas where we are working closely with Japan.

For example, New Zealand supported former Prime Minister Koizumi's initiative to give more attention to structural reform work in APEC, to help members improve the performance and resilience of their economies.

Japan is also contributing to work that New Zealand and Canada have initiated to improve the quality of business regulation in the region.

Bilateral Negotiations

At the bilateral level, New Zealand has also actively sought out opportunities to strengthen our relationships with key trade and economic partners through negotiation of bilateral and plurilateral FTAs.

We have existing agreements in place with Australia. The long-standing and comprehensive CER partnership is regarded by the WTO as setting the world standard for a high quality free trade agreement.

New Zealand's other FTAs are with Singapore and Thailand, as well as a groundbreaking four-way partnership with Brunei, Chile and Singapore - the Trans-Pacific Strategic Economic Partnership.

Negotiations are also taking place with Malaysia and, together with Australia, with ASEAN as a whole - with all participants aiming for conclusion of that agreement in 2007.

Our single largest negotiation, presently, is with China. A ninth round of these negotiations was held in New Zealand earlier this month.

The challenge we have embarked on is to negotiate a comprehensive, high quality agreement that covers goods and services, as well as issues such as investment, government procurement, intellectual property and competition policy.

As the first OECD country to start FTA negotiations with China, what we are trying to achieve goes beyond what China has done in agreements with other countries so far.

We are now reaching some of the crunch issues on goods and services market access. Naturally, this makes the going tougher, but progress has been made across the range of issues.

China's commitment to concluding the agreement was underlined when Premier Wen Jiabao made clear, during a visit to New Zealand this April that he was looking for a "comprehensive agreement, which was of high quality, balanced and acceptable to both sides".

Japan/New Zealand Links

While Japan and New Zealand work closely together in regional trade and economic integration initiatives, we are very conscious that one missing element for New Zealand and Japan is a process to advance our links at the bilateral level.

Our Prime Ministers recognized this when they met last year, and the joint statement issued on that occasion embodied the commitment to take a "forward-looking and fresh look" at our bilateral economic relationship, and to consider ways to strengthen it.

We are working to give effect to this commitment on several levels. One short-to-medium term element in our efforts is to enhance cooperation in areas such as science and technology, investment promotion and creative industries.

But there is potential to do far more. And, we need to be conscious of the risks to our bilateral trade and economic relationship if we stand still.

We do not, for example, want to risk seeing our good bilateral economic and trade relationship eroded by the new arrangements each of us is pursuing with others.

That would not be in either Japan or New Zealand's interests.

With this in mind, we want to ensure that all options for strengthening our trade and economic relationship, including the possibility of looking at a future FTA or EPA negotiation, are part of our "fresh look" process.

New Zealand understands clearly that there are sensitivities surrounding some aspects of agriculture for Japan, but we think concerns about any possible threat from New Zealand agricultural exports are exaggerated.

We have complementary seasons and differentiated products, so many of our agricultural exports do not

directly compete with Japanese products;

Over one third of New Zealand's exports to Japan are raw materials, such as aluminium, coal and forest products:

New Zealand's economy is relatively small and has natural limitations on production volumes.

There are advantages to Japan too:

New Zealand is a reliable supplier of raw materials;

We are a reliable supplier of safe, high quality foods;

It is not just about agricultural products. Much of Japan's electric industry relies on a dependable supply of high-quality aluminium from New Zealand smelters. Half of all the cell phones you have with you in this room, for example, will have electrical components containing aluminium made in New Zealand.

And – very importantly – we have expertise in agricultural production, technology, and marketing we can share with Japanese partners. A good example of this is the partnership programme between Zespri and Japanese growers, which has capitalised on New Zealand and Japan's complementary seasons. This means that we have been able to provide year round supply of kiwifruit to the Japanese market. In five short years, the programme has expanded rapidly from 34 growers in 2001 to over 600; and

Further, while New Zealand has one of the most open economies in the world, there are still areas where Japan can improve its terms of access to New Zealand. Examples include automobile parts and various industrial vehicles such as graders and forklifts. An EPA would also provide Japan an opportunity to argue for similar conditions to those New Zealand is negotiating with its other partners in the region in the areas of government procurement commitments, and a range of services and investment bindings that go beyond those currently applying to Japanese investors

Such an agreement would further deepen an already strong relationship, and it is in keeping with the policy vision Prime Minister Abe has set out for his government.

This puts strong emphasis on the “power of innovation and openness” to bring “new vitality” to Japan's economy and envisages a big role for encouraging innovation, concluding regional trade arrangements (EPAs) and attracting investment in realising this.

It makes sense for two progressive economies, in the world's most dynamic region, to maximise the advantages available through closer economic and trade partnerships.

With this in mind New Zealand and Japanese officials are currently establishing a working group to consider ways to improve the economic relationship.

This group will be tasked with examining existing barriers to trade and investment between our countries. It will consider also, possible initiatives for deeper bilateral cooperation.

We want to ensure that all options for strengthening our trade and economic relationship – including the possibility of an economic partnership agreement negotiation are explored.

On the New Zealand domestic front, we are now focussed firmly on tackling the issues we see as forming the next level in our economic transformation agenda. And, we are looking at mechanisms that will make it easier and more efficient for businesses to operate.

These include a major review of the structure of business taxation and addressing some key infrastructural requirements such as the conditions needed to encourage faster broadband access and ways to ensure long term, sustainable, energy supplies.

Despite New Zealand coming top among APEC members in recent World Bank studies on “ease of doing business”, we are not complacent about compliance issues. We have initiated a review of current regulatory frameworks to identify how we might further enhance their transparency, and robustness. Collectively, these steps should make New Zealand an even more attractive partner for an FTA with Japan.

Conclusion

In conclusion, I would like to reiterate the great importance New Zealand attaches to its relationship with Japan. Ties between our two countries are founded on a basis of many shared values and interests.

We share common interests, which are based on the values of natural justice, democracy, respect for international law and the UN, and a determination to promote human rights.

We place great value on further building on our relationship in future, and will continue to work closely with Japan across a range of areas to ensure that it remains vibrant, and strong.

Doomo Arigatoo Gozaimasu