



Asia-Pacific  
Economic Cooperation

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## **Welcoming Address by Prime Minister, Australia**

Submitted by: Australia

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## PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER  
WELCOME DINNER FOR DELEGATES  
TO THE MINISTERIAL MEETING ON  
ASIA PACIFIC ECONOMIC COOPERATION  
CANBERRA - 5 NOVEMBER 1989**

Distinguished guests,  
Ladies and Gentlemen,

Just nine months ago, I had the pleasure of making an official visit to the Republic of Korea - a visit that took me from near the southernmost point of the Asia Pacific region to near its northernmost point.

The Australia-Korea relationship is just one of the economic success stories of the region.

Over the nearly three decades from 1960, trade between Australia and Korea has grown one thousand fold, at a compound annual rate of 28 percent - from \$3.5 million to \$A3.5 billion - and shows no signs of slowing.

Similar stories can be told by any of the economies throughout the region of their growing trade with each other, and with the rest of the world.

Larger regional GNPs, stronger regional investment figures, higher standards of living - all bear witness to the dynamism, the energy, the exuberant growth, that are the striking characteristics of the economies of the Asia-Pacific region.

The 9 per cent of world output contributed by the Western Pacific in 1967 has doubled to 18 per cent; including North America, our region produces some 44 per cent of global output.

Since 1980, more goods have been traded across the Pacific than across the Atlantic.

It was with all this in mind - all these pointers to the Pacific Century - that I undertook my visit to Seoul, and I took with me a proposal designed to build on these achievements; a proposal that I believed was useful, timely and directly relevant to the mutual interest of all the economies of the region: a proposal for closer regional economic cooperation.

At the conclusion of my visit there I made a speech in which I articulated my belief that the time had come for us as a region substantially to increase our efforts towards building regional cooperation, and seriously to investigate what areas it might focus on and what forms it might take.

The months that followed that speech made it clear that I was far from alone in my belief as to the value and timeliness of a new look at regional cooperation.

In my own talks with President Roh Tae Woo and later on that same tour with Prime Minister Chatichai of Thailand; in my subsequent talks and correspondence with other Heads of Government in the region; and in the rounds of consultations between Australian officials and their counterparts throughout the region, it became clear that a substantial body of support existed for a ministerial-level meeting at which the whole region could explore ways of improving our economic cooperation.

So when I express my heartiest welcome to our guests today - to Ministers and senior officials from Brunei, Canada, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand and the United States of America - I do so, first, with a deep sense of personal satisfaction.

But much more importantly, I do so with a sense that we are participants in an unprecedented, vital experiment in international consultation - we have made an historic breakthrough where previous efforts, for different reasons, had failed.

This is the first time the region has met, as a region, to discuss the economic future of the region.

By coming together at this time we are expressing both the dynamism of our region, and tangibly demonstrating our commitment to see what more we can do to enhance our prosperity, to the benefit of those hundreds of millions of people whom we represent and whose interests we seek to advance.

We are, if you like, expressing our regional self-confidence; making a statement that for all our diversity we share a capacity and a determination to create a region of economic excellence.

Ladies and gentlemen,

Asia Pacific economic cooperation is, of course, an idea with a history.

Proposals for some sort of regional economic forum have been emerging since the 1960s, and were achieved in part - but without the involvement of governments in any leading role - with the constructive formation in 1980 of the Pacific Economic Cooperation Conference.

With the benefit of hindsight, we can clearly understand why the early attempts failed to mature fully.

The relatively benign global economy of the 1960s and early 1970s diminished the apparent need for regional cooperation. The long period of post-war growth in the major economies had still not come to an end and the GATT framework was, with global tariff cuts, successfully delivering real benefits to the region.

At the same time, regional economic linkages, though strengthening, were still relatively weak. The Western Pacific economy was based heavily on a simple vertical division of labour fuelled by Japan's demand for agricultural products and raw materials and its capacity, along with the US', to supply manufacturing products to the region.

Overhanging all this, of course, were global political tensions and damaging regional conflict that pushed issues of economic management out of the limelight.

So it is not surprising that the idea of strengthened cooperation remained an obscure vision. It was simply too early. But today, we are no longer the simple, vertically integrated, region of the 1960s, but one of spreading prosperity and of more sophisticated interdependence.

Intra-regional trade has continued to grow; a more complex division of labour is emerging, with increasing manufacturing, investment, tourism and technology; economic management has been sound and flexible; and, not least, the hard working human resources of the region - our people - have continued to acquire new skills, and new purchasing powers.

Some regional economies of course still face daunting tasks of development - Indo China comes immediately to mind. But no observer could conclude other than that there have been in this region, overall, some of the most rapid improvements in living standards in the history of mankind.

That is why there has been a resurgence of the regional cooperation idea - a renewed determination to see what can be done to sustain and enhance that amazing transformation - and a growing feeling that our level of economic dynamism and interdependence will make such an effort worthwhile.

It was against this background that I made my proposal with a conviction that the idea of closer, more effective, regional cooperation is an idea whose time has come.

Let me add this. Some of the earlier thinking about Asia Pacific cooperation was confused by a mistaken belief that we should or could move towards some kind of Pacific trading bloc.

Then, as now, such an idea was an impractical one that failed to take into account the diversity of the region's economic development.

More seriously still, such an outcome would be a foolish one, in that it would run counter to the region's absolutely compelling interest in the maintenance of a strong and open multilateral trading system. It is on such a system that the region's economic prosperity has been built, and continues to rely.

Indeed, one of the reasons why the time for regional economic cooperation has at last arrived is because of the important new challenges that have emerged to threaten the multilateral trading system.

We all know of the critical issues at stake in the current Uruguay Round of trade talks.

One of the primary benefits that I originally envisaged springing from more effective cooperation was the opportunity to protect that system and to enhance the practices of fair trade.

So let it be clearly understood that we do not meet here today with any hidden agenda to create some form of Pacific trading bloc.

Our commitment is to open, multilateral trade. Our united resolve is that the world economy should not fragment into defensive trading blocs. Our very prosperity depends on it.

Ladies and gentlemen,

I referred earlier to the view that we are entering or have already entered, the so-called Pacific Century. It's a fine notion - but I have always thought it wrong to assume we could sit down complacently and expect the fruits of Pacific prosperity to fall into our laps.

The Asia Pacific region can sustain its economic dynamism during the coming decades. But whether it will depends on whether we anticipate the opportunities and the problems of what will, without doubt, be a challenging, even a difficult, global and regional environment.

Let me briefly and broadly enumerate these forthcoming challenges.

- First, there is the challenge of ensuring that the growing economic significance of the Asia Pacific region will be adequately reflected in international economic forums - including, as I have said, in efforts to protect the multilateral trading system.
- Second, there is the challenge of reducing impediments to trade within the region and of identifying hitherto untapped opportunities.
  - This highlights the need for flexibility and structural adjustment. As industrialisation continues to spread, the need for adjustment will be felt not only in the older industrial centres, but increasingly in the dynamic economies of our own region. Yet barriers and inflexibilities persist within our region - and we all know the strength of sectional interests that resist change for essentially short-sighted reasons.
- Third, there is the challenge of accelerating technological change. The declining importance of unskilled labour; further positive emphasis on education and training; the rise of automation; the demands for custom-made goods and services; the growth of leisure and tourism; the undeniable necessity to achieve growth that is environmentally sustainable - all these forces will change the pattern of comparative advantage in the region.
- Fourth, there is the challenge of ensuring continued rapid growth is facilitated, and not obstructed, by available infrastructure.
- Fifth, there is the challenge of change in the international economic environment in which we will operate.
  - Substantial current account imbalances between major economies, the indebtedness of developing countries, and the particular problems of primary commodity exporters are likely to remain with us for some time.
- Sixth, and related to all the foregoing, there is the further challenge over the next decade of integrating the socialist countries into the international economic order.
  - We are witnessing massive and welcome changes within the Soviet Union and Eastern Europe. Within our own region, it is in the interests of us all to maintain a trading environment in which the People's Republic of China can participate increasingly productively to our mutual benefit.

In posing these challenges, I don't seek to determine a precise work program for regional cooperation. That will, I hope, emerge from your discussions over the next couple of days.

But I do want to point to the breadth of potential issues that need to be discussed and the substantial and relevant benefits that can flow from such discussion.

Because in confronting all these challenges in the eventful decades ahead, we would do well to strengthen our individual and collective capacity for analysis and policy formulation; to share essential information; to compare experiences; to weigh short-term costs and long-term benefits; to reinforce each other's political will where necessary - all this so as to achieve sensible economic policy decisions that reflect and advance our common interests.

Ladies and gentlemen,

Let me state once more, here, what Australia has made clear from the start: this meeting has on its agenda only issues of economic cooperation - not politics.

In particular, we don't seek with this meeting to impinge on the enormous contribution that has been made over the years to regional political cooperation and consultation by ASEAN.

But having made that quite clear, I want to draw attention to a broader reality - the fundamental relationship between sound economic and political management.

In a very real fashion, economic cooperation and good sense are the handmaidens of peace and security.

Whatever progress we can achieve here in the field of economic cooperation can only serve to support the work, and help to achieve the goals, in the political field, of groups such as ASEAN.

By the same token, economic irrationality and the practices and attitudes of economic autarky inevitably put peace and security at risk. We need look no further than the 1920s and the 1930s to be taught that lesson of history.

So it is, I believe, with a sombre responsibility that we embark today on a process of profound importance to our region and to the world.

Let me briefly refer to two more specific questions that will need to be resolved as we begin to build regional consultation.

One issue for further reflection is whether, when and how to broaden participation so that the process can draw in all those economies within, or with close links with, the region.

In the short term we will need to think through the issues related to the potential participation of the People's Republic of China, and the economies of Hong Kong and Taiwan.

In the longer term, we will also need to remain open in principle to helping others forge stronger economic linkages with the dynamic economies represented at this meeting.

A second issue is to do with our recognition that improved economic cooperation in our region is a long-term investment in our shared future prosperity.

We won't be able, at this initial exploratory meeting at Canberra, to discuss and solve all the challenges that this long-term investment will require.

We will need to come together again, and I am pleased that ASEAN - the outstandingly successful institution of regional cooperation - and the Republic of Korea - one of the most dynamic economies in the region - have offered to host a second and third meeting of this group.

But if these consultations are to be truly effective, we will need to back them up with effective sharing of information, and sharp strategic thinking to identify and study relevant policy questions.

Now that we've embarked on this endeavour, I don't want to see the spirit that has brought us together simply wither away for lack of a means of keeping the momentum going.

By the same token, none of us, least of all me, wants to see this meeting result in the creation of a vast, expensive or cumbersome bureaucracy, or the duplication of existing organisations that are already performing an effective role.

Neither outcome could be seen as a productive step towards the goal we have come together to explore.

My own preference would be to harness as soon as practicable a small, high-calibre group of officials, seconded from our governments, that could prepare the groundwork for forthcoming meetings and follow up on issues that have been identified at previous meetings, drawing also on available analytical resources in the region.

I recognise of course that others may have different proposals and I certainly don't make my suggestion in any way to impose it as the only suitable outcome.

But I do believe that, in the short term, some effective mechanism is needed to carry forward our efforts and intentions for the future; and I look forward to hearing the views of the meeting on this.

Ladies and gentlemen,

Australia is proud to host this historic meeting, which I do not doubt will carry the message of the cooperative commitment of our countries throughout the region and indeed the world.

The meeting will also carry a message - a vital message to my fellow Australians - a message I have repeatedly emphasised for nearly seven years as Prime Minister. The message is that the transformation underway in the Asia Pacific region is of critical importance to the way we go about life in this country and to the expectations Australians can entertain for the future.

With our historical roots in Europe, and our reputation - let me concede it was sometimes in decades past a well-earned reputation - for economic and cultural insularity, Australia has not been seen by some in the region as an integral part of the region. Indeed, sometimes Australians haven't seen themselves in that light either.

But those days are gone - gone forever. Increasingly our domestic attitudes - and certainly, at the level of my Government, our domestic and foreign policy making - recognise the truth that our future is thoroughly interwoven with that of the Asia Pacific region.

This is not the place to discuss the sweeping economic reforms underway in this country - and I do not propose to do so. But I say this: none of us is immune from the need for economic flexibility and structural adjustment, and Australia's own commitment to reform - our determination to achieve greater enmeshment with our region - shows we recognise that as a fundamental fact of life.

Certainly, with 8 of our top 10 export markets last year being in the Asia Pacific, we are as good an example of regional interdependence as any economy in this region.

So this is certainly one of the most important international meetings Australia has ever hosted - important in the range and seniority of our guests and important, indeed vital, in the issues to be discussed over the next two days.

If Asia Pacific economic cooperation is to bear fruit, we will need to be flexible, imaginative, and outward-looking.

If we succeed in this respect, I believe we will have succeeded in making an historic contribution to sustaining our remarkable record of Asia Pacific growth well into the next century.

I thank you for your attendance and I wish you well in your work, which I believe can be of enduring benefit to each of our economies and for all the peoples of our region.