

**Australia, Asia and the New Regionalism**  
**Speech by the Prime Minister, the Hon P J Keating MP**  
**Institute of Southeast Asian Studies, Singapore**  
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It is a great honour to have been asked to give this lecture and I thank Professor Chan Heng Chee and the Institute of Southeast Asian Studies for the invitation. Australia has had a long and productive association with the Institute over many years.

I also want to thank the Government of Singapore for its support for the lecture and, especially, Deputy Prime Minister Tony Tan for his courtesy to me in chairing it today.

This is my third visit to Singapore as Prime Minister and it is always a pleasure to come here. There is an energy about Singapore which flows from people who are conscious of the inevitability of change and who are trying to shape that change for the better.

I admire that. Singapore, perhaps more than any other place in the world, teaches the vital lesson that we cannot prepare for the future until we know what we want it to be.

This has been the distinctive principle guiding Singapore's modern history: the same principle that some time ago began to guide Australia through the present era. When you face things and begin to do what must be done, you liberate ideas about what can be done. This great era of change has meant that as we approach the centenary of Australia's nationhood a new, stronger and clearer vision of our future has begun to emerge. And it now goes without saying that much of the future we see - we see in the Asia-Pacific.

The vision of a future for the region, and of the potential for our relationship to serve our separate and mutual interests, has been the inspiration and the guide for the joint efforts between Australia and Singapore over the past four years, and it is the reason why I have so much enjoyed working with Prime Minister Goh and his colleagues on issues like APEC and regional security.

And although this lecture is not about our bilateral relationship, I want to begin by saying how pleased I am that the Prime Minister and I were able this morning to issue a major declaration on the Australia-Singapore partnership which will help ensure that this old relationship between us remains relevant and creative into the next century.

And it is an old relationship. In Singapore, of all places, the provenance of Australia's engagement with modern Southeast Asia is clear. Indeed, for the generation of Australians before mine, Singapore was interchangeable with what we then referred to as the Far East, although it was really the Near Northwest.

Singapore's history and Australia's have been closely linked throughout this century. You need only go to the cemetery at Kranji where so many Australians are buried.

After Singapore's independence, the links between us grew through our partnership in

the Five Power Defence Arrangements and the bilateral defence ties which emerged from it. Today, our bilateral defence cooperation is extensive. The Singapore armed forces train in Australia and the RSAF has established a Flying School at Pearce Air Force Base in Western Australia.

Our close engagement was strengthened through the people to people links established under the Colombo Plan and since. Last year nearly 10,000 Singaporeans studied in Australia.

And, of course, our growing trade and investment ties underpin an economic relationship which is important to both of us. Singapore and Australia are consistently among each other's top ten trading partners.

We have also developed a strong habit of cooperation on regional issues where our views so often coincide - APEC most recently, of course, but earlier with ASEAN, with which Australia was the first country to establish a formal dialogue relationship.

Now in the declaration we have signed today we have affirmed the strength of our partnership and established a framework to support our continuing cooperation in all these areas.

For me this partnership is especially important because, as Prime Minister, one of my central goals has been to see that Australia is better integrated with the rapidly changing region around us, that we have an opportunity to play a role in shaping it and are better prepared to meet whatever challenges the 21st century may offer.

I have said more than once before - if Australia does not succeed in Asia it will not succeed anywhere.

But success clearly requires more than the traditional tools of foreign policy. For Australia, as I suspect for most countries, our external relations can no longer exist in a separate box marked "foreign relations" or "foreign policy" - largely unconnected with the domestic policies which are needed to build a society which is both open and competitive and cohesive and strong. That was why it was imperative for Australia to dismantle the ring fence of tariffs and protection to open our economy to competitive breezes, and in so doing, lift our gaze to the world.

We deregulated our capital and exchange rate markets and opened them to the world for the same reasons.

As a result, in the decade to 1994/95, Australia's export to GDP ratio increased from 14 per cent to 21.5 per cent. The level of direct foreign investment in Australia has increased eightfold and the level of direct Australian investment abroad has increased seven fold.

It was all there, waiting to be unlocked.

It is also why it has been necessary for us to address other challenges thrown up both by our history and the imperatives of the future. One of those has been the injustice done to Australia's indigenous people, not least through the lingering pretence that before

Europeans arrived on our continent it was a term nullius - a land of nobody. We have undertaken a huge effort in social justice to see that historic wrong put right.

I think it will be equally good for our long term national cohesion and sense of ourselves if we make the leap to a republic. The time has come for an Australian, rather than the monarch of Great Britain, to be our head of state. I want Australia to be, as Singapore is, a Republic - and a Republic within the Commonwealth.

The change will not make us what we want to be, but it will help describe us to ourselves and to others. It will help define our complex identity, help articulate our ambitions and values, help fuse the links between the old Australia and the new.

Much the same desire to preserve Australia's egalitarian values and traditions and maintain cohesion and harmony led us, as we made the structural changes, to intensify our efforts to strengthen Australia's social fabric. Our economic effort has been matched by an effort to develop sophisticated social programs which deliver equity and encourage tolerance. The path we have taken leads towards a modern multicultural Australian social democracy, one that is dynamic economically and socially fair.

All this change, economic, social and political, has set Australia up for the future.

It is also divining our path in the Asia-Pacific.

I have always said that the nature of Australia's relationship with Asia has been long and for the most part honourable.

But Australian Governments and the Australian people have recently come to recognise the implications of living in and with the region which Gareth Evans describes as the East Asian hemisphere.

Australia's closer relationship with Asia is partly driven by economic realities, of course. Already two-thirds of our trade is with the APEC region, more than half of it with East Asia.

But our engagement with the region around us is not just commercial. And it's not just the result of some crude economic determinism.

It goes - and must go - much deeper than that.

It goes to a genuine desire for partnership and real involvement.

For example, it has changed our thinking about our defence - on the basis that Australia needs to seek its security in Asia rather than from Asia.

That is why we have so strongly supported the development of the ASEAN Regional Forum. It is why we have worked hard to develop strong defence links with our neighbours like Singapore and Malaysia, as well as new partnerships with countries like the Philippines and Vietnam.

And it is why we recently signed with Indonesia a new Security Agreement which builds

on the development of our bilateral defence links.

This agreement sets out formally for the first time the reality that neither Australia nor Indonesia threatens the other and that we have common interests in the stability and security of the region around us. And it goes further than that, to make it clear that we are prepared to consult if those interests are challenged.

The agreement marks a major step not only in Australia's relations with our largest neighbour but also in the outlook for regional stability. It expresses a common understanding that we are stronger together and that we should affirm a common interest.

Similarly, Australia's engagement with the region extends much more freely to people-to-people contacts. Language and capacity in language is central to this. Accordingly, the Federal and state governments have committed themselves to a language strategy which aims to have by 2006 sixty per cent of all Australian school children from years three to ten studying one of four Asian languages - Indonesian, Japanese, Mandarin Chinese or Korean.

And this change is already well underway. Already more people are studying Japanese in Australia than in any other country apart from China, Korea and Japan itself. And more schoolchildren from Australia spend time studying in Japanese schools than children from any other country.

At the same time there can be no doubt that the course of closer engagement with Asia on which Australia is now embarked is having its impact on our culture and outlook as well.

The nearly forty per cent of immigrants to Australia who now come from Asia are playing their part in changing the way Australians think about the world and their country; in just the same way that earlier waves of immigrants, ever since 1788, successively shaped and re-shaped Australia's sense of itself.

And, it goes without saying, Australia is shaping them and their descendants as it shaped those who have come before.

I don't want to enter the debate about 'Asian values' here but I do want to say something about Australian values.

Although it is often described as a young country, Australia is one of the oldest democracies in the world. We had universal suffrage and secret ballots well before the United Kingdom and before almost any other country. The democracy is old and runs deep. Our sense of ourselves is imprinted with ideas of equality and equity - among them, the conviction that all members of our society not only have a right but a duty to have their say. That is why voting in Australia is compulsory.

And despite deep imperfections in our record, including the racism inherent in our immigration policies until a quarter of a century ago, Australia has also been a very tolerant community, absorbing settlers from all parts of the world with remarkably little tension.

In many - perhaps most - respects, the values I believe in and most Australians believe in are precisely those that are often referred to in this debate as "Asian". The importance of family, the benefit of education, the need for order and public accountability, the inherent value of work - most Australians I know would describe these as Australian values. Indeed the word most Australians would very likely choose to describe as the core Australian value is 'mateship' - and 'mateship' expresses an ethic of communitarianism and mutual obligation which in other contexts is called "Asian".

In other areas - respect for authority, the importance of 'face' and the preference for harmony and the avoidance of conflict - the differences between Australia and some other Asian countries is clearer, but the degree to which this is a debate about values, as opposed to cultural practices, is less clear.

More important over time, I think, will be where we stand on the larger debate - not about 'Asian' or western values, but about values themselves and what the role of government should be in shaping them.

Fundamentally it will be a debate between those who believe the main role of government is to get out of the way and let the market rip and those who consider that government - provided it is operating with the consent of the governed - has a role in shaping and expressing the values of our community.

Defined this way, the debate cuts across Asian and western societies alike.

I have never believed that Australians should describe themselves as Asians or that Australia is or can become part of Asia.

We are the only nation in the world to inhabit a continent of our own. I have said more than once before, we can't be Asian any more than we can be European or North American or African. We can only be Australian and can only relate to our neighbours as Australians. Our history, including the 40,000 year history of our indigenous people and the histories of the 150 different cultures from which Australians derive, make us unique in the world. Our somewhat unlikely history and geography should not change this fundamental conviction and this irrevocable commitment - that Australia is and must always be an integral part of the region around us.

Let me turn now from Australia to the issues of this wider region, and to the question of regionalism itself.

I want to use this lecture to say some things about the region, about what regionalism means in the post-Cold War world, and especially for the Asia-Pacific. Finally, I want to look ahead at some of the issues we will have to address in the next decade or so.

The fact that we describe the present international scene as the post-Cold War world - in terms of what came before us rather than what we have become - underlines how fluid the international environment is at present and how uncertain we are about the shape it is taking.

We are living through the greatest period of change in the world since the emergence of

the nation state, and we have a very limited time in which to shape the new international structures before nations and institutions settle into new grooves from which it will be very difficult to dislodge them. What we - I mean all of us - do now will lay the foundations for prosperity and security in the 21st century just as fatefully and inevitably as the actions of Europe's leaders did a century ago.

And unless we get it right now, our failure might be no less calamitous than theirs.

When the Berlin Wall came down, when President Yeltsin and his supporters later stood, on the tanks outside the White House in Moscow to defy the coup plotters and brought down the Soviet Union, they also brought down the post war international order.

The expectations of a new international order, based on a concert of powers operating to a large extent through a revived and renewed United Nations, have not been fulfilled. `

In part, I believe, this is because our global international structures are incomplete and immature. They still reflect too directly the world into which most of them emerged at the end of the 1940s.

Japan and Germany, the world's second and third-largest economies are self-constrained from playing their full part in the international system.

Russia will always be one of the world's great powers, but now and over the next few years it will be preoccupied with the consequences of the end of the Soviet Union.

China is emerging into the world, and the way that happens will dominate the Asia Pacific like no other issue over the coming decades. But for the time being China, too, is largely preoccupied with domestic issues and especially developing its economy.

Meanwhile, in the United States, the world's only remaining superpower, the struggle goes on as it has since the foundation of the Republic - between those who believe the United States should avoid foreign entanglements and those who want it to be engaged with the wider world. This, as always in the United States, is not only a debate among the politicians and the political elite. Its outcome depends, in the end, on what the American people think, and we should not be surprised if it is harder to engage them with foreign policy now than it was for the high moral struggle of the Cold War.

At another level, too, global structures are often too large and rigid to permit productive discussion. The sheer weight of numbers in the United Nations, for example, means that complex negotiations often have to be conducted through increasingly out-of-date groupings which often fail to reflect current economic and political realities.

Australia can speak with feeling on this matter. For United Nations purposes, we are relegated to the category of 'others', as part of a Western European and Others grouping.

It is not just the absurdity of this classification, which irritates but the practical consequences.

More and more clearly, Australia's interests cannot be properly pursued in such a

framework. It is a structure, which emphasises North/South divisions. This tends to generate - on the side of the North - a strongly Eurocentric perspective on global problems. But the 'South' is where Australia's neighbours are, and it is with the 'South' that our interests often coincide rather than diverge.

For all these reasons, the present global structure is inadequate.

This is not an unchangeable state of affairs. There is much that can be done about it.

For example, Australia supports permanent membership of the United Nations Security Council for both Germany and Japan, a position for which Japan's excellent chairmanship of the Osaka APEC meeting further justified it.

And we believe it is essential to encourage the United States to play an active and engaged role in the world - not just in the Asia Pacific, but globally.

We hope that such outside encouragement - like the joint declaration which Singapore and Australia issued this morning - will strengthen the position those Americans who share our conviction that US interests, as well as ours, are advanced by their continuing active engagement in East Asia. Nothing more likely to generate security tensions in this part of the world, or threaten the region's continuing economic and social development, than uncertainty in countries like Japan and Korea about the continued US security commitment.

One of the main reasons behind Australia's support for APEC has been our conviction that closer American economic engagement in Asia and the Pacific will reinforce the essential political underpinnings of its security relationships.

The other great uncertainty about the international situation in the coming decades, as I said earlier, is China.

The economic reforms introduced by Deng Xiaoping and President Jiang Zemin have brought profound benefits for the international community as a whole, not just for China. There have been few more significant developments in the past half century.

I do not believe China is an expansionist or aggressive power, or that it is likely to become so. It is an essential and central part of the regional community. However, the sheer size of its population and economy raises questions for the rest of us about how we deal with it. For my part, I think there is little doubt about what the broad approach should

Above all, the answer is to ensure that China is engaged comprehensively in global and regional institutions. This has been a major aim of APEC and the ASEAN Regional Forum - to engage China, not to contain it or isolate it.

But the answer also lies in China's neighbours making their own way in the region and taking responsibility for their own future. It is the responsibility of all of us to build what ASEAN calls our national and regional resilience: a region which is self-confident and cooperative, rather than apprehensive and self-absorbed, will be better for all of us - including China.

And, in part, that means building institutions and structures which engage all the countries of the region in a dialogue about the future.

So, again, we are brought back from the global to the regional. It is a sign of the times - the most important sign of the times, I believe.

For the time being, at least, the role of the great powers in shaping the development of the international system is less dominant than it might otherwise be. And this, as I said earlier, is happening at the very time when we are moulding the institutions and processes and ways of resolving problems which will form the pattern of the next period in international relations.

I think that one outcome of this situation is that regionalism and regional approaches will come into their own as never before.

This century, was dominated by global struggles. Imperialism and later Communism were of their nature global. Two world wars and the ideological struggle of the Cold War taught us to structure our ways of thinking about the world in essentially global terms.

Regional approaches were usually subordinated to this broader competition. The multilateral defence pacts of the 1950s were an example. Even the development of the EEC was driven in part by the need to strengthen western Europe economically and politically against the Soviet threat.

But with the breakdown of the bipolar structure of the Cold War, regional problems no longer automatically form a metaphor for a wider global and ideological struggle as they did in Afghanistan and Angola and Central America.

Instead, it is easier now to address regional issues on their own terms.

And a degree of flexibility is possible in regional institution building which has never been possible before. Vietnam's membership of ASEAN and the common membership of APEC by the three Chinese economies are important examples.

So, for all these reasons, I think that in the immediate future regionalism offers the capacity to generate new ideas, subsume old enmities and provide new ways of doing things. It can let the light in - in a way which global structures are too large or unwieldy or rigid to do.

This, in turn, means that the opportunities for small and medium sized countries to shape the international agenda are greater than they have ever been in the past. So long as they know what they want and where they are heading.

I am sure that one of the reasons for the success of the Asia Pacific in global terms is the creative way in which regionalism has been embraced in this part of the world.

It is not a new phenomenon, of course. ASEAN has been an enormous success in transforming the tensions of the confrontation era in Southeast Asia into a habit of working together. But the next burst of regionalism, including within ASEAN, is growing

in range and ambition.

APEC has made huge strides in a few short years.

When I first proposed the idea of meetings of APEC leaders in 1992, I did so because I was convinced that unless APEC could begin to draw upon the executive authority of national leaders it would remain a modest and essentially peripheral organisation, making progress only at the pace of its slowest officials.

It is leaders who have the political authority to commit a country to a certain course in pursuit of certain outcomes, and leaders who are charged with the responsibility to recognise the bigger picture and the bigger opportunities that come with it.

Once leaders were involved in the development and formulation of policy in APEC, a different dynamic evolved and the pace of action quickened.

Most leaders believe that any event in which they participate should deliver a good result: so, from Seattle on, the pressure was on to formulate a strategy and then drive it.

At the same time, once the leaders met - and don't forget that the Seattle meeting was the first time leaders from across the Asia Pacific had ever met - the pressing reality of our interdependence generated a new momentum for cooperation. The very feeling of co-operation generated even more goodwill.

This happened in Seattle, where we set out the vision of an Asia Pacific community. Then the following year in Indonesia, President Soeharto gave this vision a concrete form in the Bogor Declaration's historic commitment to free trade and investment in the region by 2010 and 2020. And finally, last year, in Osaka, where we put together the plan of action for reaching our objective as well as offering specific down payments on our Bogor commitments.

APEC was conceived as an organisation of economies and it is vital that its main function continues to be economic. If the East Asian economic miracle is not to run out of steam - to end up, as some European commentators wishfully predict, as a short-term and unsustainable phenomenon - it is essential that the trade and investment arteries within the region are kept open. It is essential that we do all we can to help the activities of our business people, who make the trade happen.

So the pressure on APEC will not diminish. Every meeting, every year has to make progress. Later this year in Subic Bay we will need to take the first steps to implement our individual plans of action.

Such progress is critical not only for the Asia Pacific's continuing economic growth, but for its security as well.

Because, although APEC's purpose is economic, it will have, like ASEAN before it, important political and strategic consequences.

It is already having them. No-one who has participated in those three successive leaders

meetings, or in the Ministerial meetings, can fail to notice the increasing ease with which leaders representing half the world's production now deal with each other. And no one can be blind to the amount of business which is now conducted in the corridors and related bilateral meetings.

APEC is in many critical respects a new model for regional cooperation and I believe it shows the way forward. It is "new" in at least three ways.

First, its development has been driven as much by the small and medium powers as by the large ones - a fact that has been one of its strengths given the global situation I described earlier. Of course President Clinton's decision to invite APEC leaders to the informal meeting in Seattle was critical, as was the support which the Japanese Government and Prime Minister Murayama gave the free trade agenda during their chairmanship of the Osaka meeting. But ideas and energy have come just as powerfully from economies like Korea and Singapore and Indonesia and Australia.

In other words, the sense of ownership and participation is broadly spread throughout the organisation. APEC gives the smaller and middle sized countries of the region a very direct say in shaping its future. Second, APEC is possibly the best practical example the world has yet seen of cooperation between countries at different levels of development.

Developing countries are not just participants; they are at the core of the organisation's activities. President Soeharto's chairmanship of the Bogor meeting was a critical moment for APEC, but it was also an example to the world of the new sort of partnership between developed and developing countries which will be essential as the process of globalisation and internationalisation proceeds. The world's fifteen most dynamic trading nations between 1980 and 1993 were all developing countries.

Third, APEC has offered an approach different from the formal structures and legalism of other regional approaches like the European Union or NAFTA or, at the global level, from the Uruguay Round and the WTO. Unlike earlier models of trade liberalisation, APEC first announced its end point - that is, free trade and investment by 2010 or 2020 - and left the getting there to a process of concerted liberalisation between members rather than to direct negotiation.

This approach is not only new, it has aroused considerable scepticism, especially from those whose experience of international trade negotiations has been in the heavyweight boxing ring of the Uruguay Round and its predecessors.

I can understand this scepticism, but I am also convinced it is- misplaced. The drag out/knock down approach to trade negotiations has surely reached the end of its useful life in an environment where almost every country in the world, rather than just a handful of industrialised countries, has a stake in global trade.

Few even among the hardest trade negotiators can relish the idea of another seven year Round conducted like the last one. And one where the real offers, the real impetus to liberalisation, were too often left in the negotiators pocket to take back home.

So I remain an optimist that APEC will be able to deliver on the promises it has made, and that, in doing so, it will offer an example which will be useful to the rest of the

world.

Drawing on these experiences with APEC, as well as other regional organisations, it is becoming possible to draw up a number of rules for the new regionalism in the Asia/Pacific. Let me try to enumerate them.

The first rule: there are no rules. Or, at least there are no fixed approaches and as far as possible we should avoid the nightmare of a bureaucratic and legalistic approach to what we are doing. The Asia Pacific needs to be a small 'c' community if it is to succeed.

For the approach to work, however, a high degree of trust will be required - not a commodity which is thought to flow freely through international discourse. The best way of encouraging trust - as ASEAN has shown and APEC will - is through close personal contact between leaders and Ministers and with officials and, beyond that, their counterparts in business.

As 20th century European history vividly testifies, contact does not rule out conflict - but it is certainly impossible to develop trust between countries and cultures without it.

The second rule is that we need to avoid closing Asia and the Pacific off to the outside world.

My argument in favour of regionalism is not an argument against global multilateral approaches when these are most appropriate, as they often will be. Indeed, they are often essential. A comprehensive test ban treaty or a chemical weapons convention, must be negotiated globally. And although intra-regional trade in East Asia has grown much more rapidly and is of greater volume than extra regional trade, we all have a deep and growing interest in the world trading system. We need a regional approach which can be reconciled with the development and strengthening of that system. This is one of the challenges for the first WTO Ministerial meeting, when it meets, very appropriately, in Singapore later this year.

The final rule is that the region must not become complacent with success. The challenges to economic growth and to security in this part of the world remain serious. We will only have a chance of overcoming them if we confront them directly and with a clear-eyed sense of what they mean for us.

Let me end by speaking in particular about two of those challenges which I believe should be placed more prominently on the agenda of regionalism in Asia and the Pacific.

The first of them is the environment.

Sooner than many people expect, environmental problems will begin to affect not only the degree to which people in Asia and the rest of the APEC region can enjoy the fruits of recent economic growth, but, more fundamentally, will begin to impede the extent of that growth.

Demand for food and energy in the region will grow disproportionately as standards of living rise and expectations increase. China's demand for food, for example, is growing so fast that its shortage within 15 years could be three to six times Australia's total

annual wheat production; just feeding chickens to satisfy China's demand by 2000 will take more grain than Australia currently produces.

World food production will have to increase by more than 75 per cent over the next 30 years if global food security is to be assured.

But significant questions exist about whether the green revolution - responsible for 90 per cent of the great growth in food production over recent decades - can be sustained, and whether we can afford environmental to sustain it. Heavy use of fertilisers, irrigation and pesticides has caused major problems in many countries. Soil erosion, salinity and pollution of water resources increasingly accompany pressure for greater agricultural productivity.

The region's ability to sustain high levels of economic growth will also depend on its capacity to meet the growing demand for energy. By 2010, electricity demand across the APEC economies is expected to increase by between 50 per cent and 80 per cent. East Asia's demand for energy is doubling every 12 years, compared with 28 years for the world as a whole.

Few people now question the judgement that we are seeing a discernible human influence on global climate. While to date developed countries have contributed disproportionately to this problem, by the year 2000 developing countries are expected to contribute more than half of global CO<sub>2</sub> emissions. And much of this will be in Asia.

Today's global population is expected to grow by 2.6 billion - 45 per cent - by the year 2025. 90 per cent of this increase will take place in developing countries and 90 per cent of this will be urban. By the end of the century - for the first time in history - more people will live in cities and towns than in rural areas.

The absolute growth of urban environments will be greatest in Asia. The United Nations estimates that cities in the region will gain 500 million inhabitants in the next ten years. By 2025 the Asian region is expected to be predominantly urban.

This demographic shift will put huge strain on basic services such as water, sanitation and shelter. Only half the urban populations in Asia currently have access to water supplies and 42 per cent to sanitation.

The growth of urbanisation is being accompanied by a disproportionate growth in the incidence of poverty in urban areas. Across the Asia-Pacific region, some 25-35 per cent of urban dwellers are thought to be squatters. To compound the problem, marginalised urban dwellers often live in ecologically vulnerable areas.

The environment has become a sensitive issue in Asia because environmental arguments have sometimes been used as a disguised form of protectionist by developed countries. And developing countries have understandably resented being told by developed countries that they should not do what developed countries did - namely, pass through their period of industrialisation without having to consider the impact on the environment.

But we cannot deny the reality of the environmental challenges facing the region.

We must see protection of the environment in the Asia-Pacific not as an alternative to economic growth, but as the only thing that will ensure its continuation.

Sustainable development was neatly defined by the Brundtland Commission on the Environment and Development as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'. At its heart this is - or should be - a very Asian issue..

Because if there is one characteristic which has underpinned Asia's recent economic growth it has been the willingness of current generations to work for the future good of the community and postpone immediate reward. So the idea of inter-generational equity - a key to the environment debate - is very Asian.

With the environment, as with economic liberalisation, we will get further in this part of the world if we use a flexible and cooperative approach which takes account of the particular development needs of all the countries in the region.

With its mix of developed and developing country members which have already demonstrated the political will to cooperatively tackle some difficult issues, APEC may help us find a way through the developing/developed country divide which has hindered progress on environment issues at the international level. The advantage we have is a set of goals and aspirations shared by both developed and developing countries.

A regional approach to environmental management will also help us to respond effectively in international forums to European approaches which, while appropriate to their economic and environmental circumstances, too often ignore the environmental differences in the Asia Pacific and the different demands of industrialising and fast growing economies. It is important that we work together to ensure outcomes on international negotiations reflect not only northern but southern hemisphere realities.

APEC has already adopted framework principles for integrating environmental considerations into its overall program and into the activities of its working groups and committees. This integrated approach is essential if environmental issues are not to be marginalised.

This was the thinking of the leaders at Osaka when they decided on joint action to deal with the demand for food and energy and the pressures that will be put on the environment.

The region's economic expansion and accompanying high rates of investment are taking place at a point in history when energy efficient technologies and processes are widely available. This presents a unique opportunity to get it right the first time - to put in place up-to-date technologies that use materials and energy efficiently, minimise emissions, improve product quality and reduce costs. Developing APEC economies currently use 50 per cent more energy to produce a unit of GDP than developed APEC economies. So, clearly, the potential gains from improving efficiency are very substantial.

And significantly, if the region doesn't take up this opportunity it will face not only an investment bill exceeding \$US1.6 trillion to build the infrastructure for its growth in

energy demand by 2010, but the additional costs of fixing avoidable environmental damage.

Australia is committed to working with countries in the region to avoid this - for example, by addressing emissions, including through the use of energy efficient or renewable energy technologies. One area with considerable potential is the replacement of fossil fuel-based power with photovoltaic (solar) energy systems. We are already cooperating with Indonesia on solar energy and the feasibility of using Australia's leading edge clean coal technology and HI Smelt technology for its future steel plants.

Integrated management of our natural and urban environments will become more important as urbanisation intensifies, particularly where hazardous and industrial wastes have the potential to impact on marine and coastal environments and fisheries. Managing urbanisation in a way which is ecologically and socially sustainable is one of the key challenges confronting the region. If we succeed, we will see continued improvements in our quality of life. If we fail, we risk slowing economic growth and having to divert resources to deal with waste and pollution, increased vulnerability to natural disasters and, eventually, social unrest.

In preparation for the ON's Habitat 11 conference in June, Australia is looking at how we can better utilise our aid program to address the challenges of urbanisation. Key issues include low cost housing, assistance for squatter settlements, land use planning, human resource development, support for micro-enterprises, and infrastructure development.

We need in general to have a much better sense of what is happening to our land cover. The preparation of Australia's first National Greenhouse Gas Inventory showed that we were still clearing substantial areas of native vegetation for agriculture, and thus contributing significantly to our greenhouse gas emissions. This came as a surprise. It would not have had we been monitoring overall changes in land coverage.

We have now embarked on a major project to monitor agricultural land cover change using remote sensed data from the Landsat satellite. As far as I know it is the biggest project of its type undertaken anywhere. The data, including maps, resulting from this project will improve our greenhouse gas emission calculations, providing a basis for better catchment planning, dry land salinity management and conservation of biodiversity. This is something that should be done region-wide if we are to improve the quality of global data and provide a more accurate and comprehensive information base for global policy making on climate change.

No Australian Prime Minister is going to claim that getting the balance right between the immediate needs of economic growth and the longer-term requirements of the environment is easy or painless. We have been wrestling with it in many areas, most recently in our forest policy. But it has to be done and it will be easier if we can cooperate regionally - not just because so many environmental problems have no regard to national borders, but because we can make greater progress if we learn from and draw on the experiences of our neighbours.

A second challenge the region faces is in meeting its human resource development needs. President Ramos has already spoken of his hope that APEC will address this challenge directly during the year of his chairmanship.

The Asia Pacific already faces serious shortages of skilled workers who are vital for economies that are moving into export-oriented manufacturing and service industries.

Thailand, for example, produces only half of the 10,000 engineers it requires each year. Malaysia estimates it has a shortage of 9,000 engineers and 18,000 engineering assistants. China needs to find two million technically qualified workers each year, but produces only one million.

Many APEC Governments are already addressing these problems individually.

Malaysia, for example, is reviewing its entire education structure. And Hong Kong and Singapore as well as Malaysia are giving higher priority to vocational training in secondary schools.

Australia, too, has dramatically increased its investment in education. More than three quarters of young Australians now complete twelve years of schooling, and since 1983 we have increased the number of students at university by 70 per cent. We are linking education much more closely to industry through a new nationwide vocational education and training system.

A regional approach can help strengthen what each of us is doing nationally.

We can make the temporary movement of professional people easier.

We can strengthen existing exchange schemes and cross-accreditation arrangements for students in different countries.

We can improve the mutual recognition of professional qualifications, and Australia has proposed the establishment of an APEC regional skills centre to facilitate this.

More fundamentally, the resources invested in education and training will need to grow throughout the region. And this will be easier if we can encourage cross investment in education and training among APEC members, as Malaysia is doing now.

As I noted earlier, I am quite convinced that we are living through the period of the most fundamental change in the world for the past century and a half, and possibly longer.

We may live at the end of the millennium, but we do not live at the end of history.

And that history - the world in the twenty first century - the structure and shape of its international system, the nature of its conflicts, the forms of its cooperation - is being decided now. And here.