

PRIME MINISTER RUDD

CHECK AGAINST DELIVERY

“Building a Better World Together”

Speech at Kyoto University

9 JUNE 2008

I arrived in Japan last night, and I have already been able to visit two great cities. Both steeped in historical memory. Both sharp in their message for the future. First Hiroshima where I visited the memorial. It is a very moving memorial.

A memorial that reminds all humanity that each generation must commit itself afresh to the cause of peace because the cost of war is beyond any new generation's imagining. And now Kyoto, a city that embodies much of the rich history of this great culture that is Japan. There is a famous poem about the beauty of Kyoto. The great poet Basho wrote:

Even in Kyoto
hearing the cuckoo's cry
I long for Kyoto

And the beauty of this great city is in part about the change of seasons – the snows of winter, the cherry blossoms of spring, the heat of summer, and the colours of the autumn leaves.

And the change of seasons brings our minds to another great challenge for the future – the great challenge of climate change. And it is with this great cause that Kyoto is indelibly associated in the minds of the world. Today I too want to look to the future. The new century and the new millennium have well and truly begun. In fact the first decade of the new century is nearly over.

It is time for us to begin thinking about what will become the Asia-Pacific century. Will it be a truly pacific century and therefore a peaceful century? Will we continue to build prosperity for all our peoples? Will we continue to enlarge the democratic project? Will ours be a sustainable region – contributing to or detracting from a sustainable world? We need to be thinking planning and shaping a region that embraces these aspirations. Rather than simply allowing other dynamics to instead shape us. As we think about our common future in the region and the world, Australia looks to Japan as a true friend and partner.

Our relationship is strong and our friendship is enduring. It is based on a solid foundation of economic cooperation, reaching back to our commerce treaty of 1957. We share common values. We are both great democracies.

We are both strong allies of the United States and have benefited from the strategic stability that the United States has brought to this hemisphere over the past half century. We both also benefit from an open global trading system as we both are great trading nations – with each other, and with the world.

Australia and Japan are also deeply engaged with global developments. We support the United Nations, including its peacekeeping operations. We provide development assistance around the world – and we work together when disasters hit.

We are recognised, I believe, as good global citizens. And both Australia and Japan are committed to the development of regional architecture, institutions and practices in our own Asia-Pacific region aimed at promoting peace, security, prosperity, development and sustainability. Australia therefore sees our relationship with Japan as a comprehensive strategic, security and economic partnership. A partnership energised by common interests but also by common values and an enduring friendship.

Today I would like to talk about the challenges that we face for the future and how Australia and Japan can work together to meet them. Challenges like nuclear weapons, climate change, food and energy security and the future institutional architecture of our region.

In the past decade, the world has not paid adequate attention to nuclear weapons. There have been nuclear developments that we have had to confront – like North Korea's nuclear program and the danger it poses to the region; as well as Iran's continued nuclear ambitions. And there has been some thinking about new ways to counter the threat of weapons proliferation. Australia and Japan were both founding partners in the Proliferation Security Initiative (PSI).

And Australia and Japan cooperate closely on export controls in the Nuclear Suppliers Group (NSG). These help to support the cornerstone of the global effort to eliminate nuclear weapons – in particular the Nuclear Non-Proliferation Treaty (NPT). But there has not been the same focus on the danger of nuclear weapons that we saw at the height of the Cold War.

In some ways that is understandable – nuclear weapon stockpiles have come down a long way since their peaks in the 1980s. The two main nuclear powers, our shared ally the United States and Russia, have negotiated a series of treaties that have cut the number of nuclear weapons. And South Africa and Ukraine have shown that it is possible for countries that have nuclear weapons to eliminate them.

We no longer live with the daily fear of nuclear war between two superpowers. But nuclear weapons remain. New states continue to seek to acquire them. Some states including in our own region are expanding their existing capacity.

Hiroshima reminds us of the terrible power of these weapons. Hiroshima should remind us that we must be vigilant afresh to stop their continued proliferation.

And we must be committed to the ultimate objective of a nuclear weapons free world.

The cornerstone of the global nuclear disarmament efforts remains the Nuclear Non-Proliferation Treaty (NPT). It is a treaty that is grounded in the reality of the existence of nuclear weapons, but with a firm goal of their eventual elimination.

It is a treaty that, by any historical measure, has helped arrest the spread of nuclear weapons – particularly given the proliferation pressures that existed across states in the 1960s when the treaty was negotiated. But 40 years later the treaty is under great pressure. Some states have developed nuclear weapons outside the treaty's framework.

Some, like North Korea, have defied the international community and have stated that they have left the treaty altogether. Others like Iran defy the content of the treaty by continuing to defy the IAEA – the agency assigned to give the treaty force.

There are two courses of action available to the community of nations: to allow the NPT to continue to fragment; or to exert every global effort to restore and defend the treaty. Australia stands unambiguously for the treaty. I accept fully that we have a difficult task ahead of us.

But I believe Japan and Australia working together can make a difference in the global debate on proliferation. We are uniquely qualified. Japan remains the only state to have experienced the consequences of nuclear weapons. Japan today has a large nuclear power industry.

Australia has the largest known uranium reserves in the world. We can, therefore, understand the concerns that countries bring to this debate. And we share a view of the importance of the NPT. Australia and Japan are also both recognised as being committed to non-proliferation, including through our strong support for the International Atomic Energy Agency.

Each year, for more than a decade, Japan has put forward a UN resolution on nuclear disarmament. Each year, Australia is proud to be a co-sponsor of that resolution. We do more than just vote for it. Alongside Japan we present it to the international community and jointly seek their support.

Australia itself for the last quarter century has developed strong global credentials in arms control and disarmament – through our establishment of the Australia Group; our work in the United Nations on the Chemical Weapons Convention and as one of its original signatories; and our work on the Comprehensive Nuclear Test Ban Treaty.

Australia and Japan have also both been at the forefront of global thinking on the long-term challenge of nuclear weapons. In the 1990s, Australia convened the Canberra Commission on the Elimination of Nuclear Weapons.

Japan in the late 1990s established the Tokyo Forum for Nuclear Non-Proliferation and Disarmament. These two bodies produced reports that have become benchmarks in the international community's efforts to deal with nuclear weapons.

I think it is time we looked anew at the questions they addressed and revisited some of the conclusions they reached. The NPT Review Conference will be held in 2010.

It is the five yearly meeting of parties to the treaty to assess progress against the treaty's aims and look at how we can strengthen its provisions.

As former US Secretary of State Henry Kissinger said in 2007, nuclear non-proliferation is the most important issue facing the world today. So, before we get to the Review Conference, we need to do some serious thinking about how we support the treaty and how we move forward on our goals.

I announce today that Australia proposes to establish an International Commission on Nuclear Non-Proliferation and Disarmament, to be co-chaired by former Australian foreign minister Gareth Evans. The Commission will re-examine the Canberra Commission and the Tokyo Forum reports to see how far we have come, how much work remains, and develop a possible plan of action for the future.

The Commission will report to a major international conference of experts in late 2009 that will be sponsored by Australia. I look forward to discussing with Japan their participation in the work of this commission. Australia and Japan have also agreed to establish a high-level dialogue on non-proliferation and disarmament to advance this critical international debate. It is intended that the Commission and the subsequent conference will help pave the way for the NPT Review Conference in 2010.

We cannot simply stand idly by and allow another Review Conference to achieve no progress – or worse to begin to disintegrate. The treaty is too important. The goal of nuclear non-proliferation is too important. Even with these additional efforts, there is no guarantee of success. But that should not deter us from exerting every diplomatic effort.

This is a view shared by people with unique experience in strategic policy.

In the United States, former Secretaries of State George Shultz and Henry Kissinger, former Defence Secretary William Perry, and former Chairman of the US Senate Armed Services Committee Sam Nunn said in an important article the Wall Street Journal in January: “The accelerating spread of nuclear weapons, nuclear know-how and nuclear material has brought us to a nuclear tipping point. ... The steps we are taking now to address these threats are not adequate to the danger.”

Relevant to our deliberations here, this eminent group of Americans has suggested steps for the future. They have said we should:

- strengthen the means of monitoring compliance with the NPT – which could be achieved through requiring all NPT signatories to adopt monitoring provisions designed by the IAEA;
- develop an international system to manage the nuclear fuel cycle – given the growing interest in nuclear energy; and
- adopt a process to bring the Comprehensive Nuclear Test Ban Treaty into force.

It is time for a new approach – of which the revitalisation of the NPT and the IAEA is a critical part. Another major challenge the international community faces is climate

change. When the international community met here in Kyoto a decade ago in December 1997, a consensus was forged on the need for the world to act on climate change. The Kyoto Protocol was adopted.

And the first act of my Government was to sign the documents to ratify the Kyoto Protocol. Climate change is the greatest moral, economic and social challenge of our time. We have developed and grown over the past century in a high-carbon environment.

We now have to shift gear. We have to move to a lower carbon economy. And we have to do so at the lowest cost. Australia and Japan can help lead the way in this project. And I am pleased that I will be able to visit Japan again in four weeks time at Prime Minister Fukuda's kind invitation to attend the G8 Outreach Summit on climate change and the Major Economies Meeting Leaders Summit.

I would also like to place on record my praise for Japan's and Prime Minister Fukuda's global leadership on climate change in the lead up to the G8 meeting. What we need is effective national and international action to meet the challenge of climate change. Australia's climate change policy rests on the following principles:

- acting on mitigation
- acting on adaptation; and
- acting globally through international negotiations.

And we take the view that our policy approaches must be informed by a clear understanding of the science of climate change. While the science is clear on human-induced global warming, we must continue to deepen our understanding.

We have an increasingly sophisticated understanding of highly complex climate systems – the relationships between oceanic and atmospheric systems – and how the increase in our carbon emissions is affecting them. Australia and Japan have a long history of working together on climate change. In fact, it is the focus of our Antarctic research cooperation. Because the Antarctic and the Southern Ocean play a major role in the global climate system.

Later this week in Tokyo, our Antarctic scientists will get together to further strengthen our cooperation in Antarctic climate science. This work is a critical part of the puzzle to help us understand the pace, shape and trajectory of climate change.

Their work provides the evidence in support of the call for more action on climate change, not less – and I look forward to taking forward our cooperation with Japan on Antarctic research when I meet Prime Minister Fukuda later in the week.

In part because of this science, it is now clear that we have to act sooner rather than later if we want to avoid the most serious impacts of climate change and lower the costs to the global economy.

The economic cost of inaction on climate change is far greater than the economic cost of action. The first pillar of Australia's response to climate change is that we need policies to reduce carbon emissions – the mitigation challenge.

We need to tackle this problem on a range of fronts – clean coal technologies, alternative fuels, renewable energy, and energy efficiency as well as combating deforestation. Once again, Australia and Japan can cooperate closely here.

Japan relies on coal for over a quarter of its energy generation needs. And Australia is the main source of this coal. So we have a shared interest in solving the problem of greenhouse gas emissions from coal. We have a shared interest in clean coal technology. Australia and Japan are both investing in many new clean coal technologies.

We both support the Callide A project, the world's first demonstration of oxy-fuel combustion with carbon dioxide storage. Australia is also investing in China in a pilot project to assess post-combustion carbon capture technology.

As the biggest single global source of carbon emissions, we need to invest in these new clean coal technologies. To deal with climate change effectively, we must deal with clean coal. It is core business for Australia, for Japan and for the world.

And again, I look forward to discussing this with Prime Minister Fukuda. Nonetheless, driving clean coal technology alone will not solve the challenge of reducing carbon emissions.

A further area of Australia-Japan cooperation on climate change is deforestation. Each year, the world loses about 13 million hectares of forest. This accounts for approximately 20 percent of global human-induced greenhouse gas emissions.

Australia has outlined its commitment to reducing emissions from deforestation through our International Forest Carbon Initiative. One of the key aims of this Initiative is to develop market-based approaches to reducing emissions from deforestation. The ability to measure the amount of carbon stored in rainforests is the first key step in enabling countries to earn credits in the market for preventing deforestation.

Through this Initiative we are working with our neighbours, particularly Indonesia and Papua New Guinea, and these two countries represent two of the world's great remaining rainforest areas. In March of this year I visited Papua New Guinea and signed a forest carbon partnership.

I will be discussing a similar initiative with President Yudhoyono later this week. Through our work with Papua New Guinea and Indonesia, we can support these countries move towards participating in global forest carbon markets and gain economic benefit for the emissions that are avoided. There is scope for Australia and Japan to work together here too.

We both have the high-technology systems to measure and monitor the carbon stored in forests – it requires a combination of satellite monitoring and on-the-ground observations. Australia's National Carbon Accounting System (NCAS) is widely recognised as one of the most sophisticated systems developed so far.

I hope to agree in my talks in Tokyo that Australia and Japan will be able to offer our expertise to countries in our region to monitor their forests to support market-based initiatives to reduce deforestation; to promote sustainable livelihoods while making a significant contribution to protecting biodiversity.

A second pillar to Australia's policy is working on adaptation to the effects of climate change. Australia is supporting countries to develop their capacity to respond to changed climatic conditions. We have allocated \$150 million to help the Pacific island states meet the challenge of adaptation.

And in March, Australia released the Port Moresby Declaration, which outlined our vision for a stronger closer relationship with the countries of the Pacific. Sitting on top of all of these efforts is the need for an effective international climate change regime – a third pillar of our action program on climate change.

The international community has to act together. We have to deliver on the roadmap agreed to at the Bali Conference. There are irreversible consequences if we fail. We must be ambitious. Japan was ambitious in delivering the Kyoto Protocol. We all need to be ambitious for the post-2012 climate regime. We need to aim for a global regime that will deliver real action on climate change – based on credible actions by developed and developing countries.

Japan has been playing a critical role in the lead up to the G8 and Major Economies Meeting Leaders' Summit. I will work with Prime Minister Fukuda to support an outcome that adds real momentum to the global climate debate. I believe that we need a globally-agreed long-term global emissions reduction goal as a key step for framing the international response. I welcome Japan's contribution to that debate.

We also need developing countries to take action to slow the growth of their emissions, at the same time as they continue their economic and social development, thereby placing a huge premium on energy efficiency.

We want to see an effective future global framework that reflects actions by all key countries, in binding international commitments which are consistent with our global agreement to common but differentiated responsibilities.

We fully expect that the nature and scale of commitments will differ but all nations of the world need to play their part, and make nationally-appropriate binding commitments to do this.

I look forward to working in close partnership with Japan in the 18 months that lie ahead of us culminating in the Copenhagen Conference – the next chapter in the mission that began here in Kyoto.

Climate change is also relevant to another of the great global challenges of the future – energy and food security. Japan has been a global leader of these debates. Energy security is particularly important given the global repricing of energy resources that is taking place. We are currently experiencing the biggest increase in the price of crude oil since the oil shocks of the 1970s. Global oil is at its highest price in history. Global oil has increased in price by 400 per cent in the five years since the

Iraq War. This has profound consequences for global inflation – both for energy and for food. There is an imbalance between supply and demand that is putting upwards pressure on oil prices. So we need to deal with both sides of the equation.

Acting on their own, few governments can affect world energy prices. But acting together there is much that can be achieved. That is why our response to the rising costs of energy must include participation in a co-ordinated global response. The international community must address the global imbalance between supply and demand. OPEC needs to be pressured to increase supply in order to achieve proper market outcomes. And disappointing supply growth from non-OPEC countries should also be addressed.

We also need greater openness to investment in the energy sector around the globe because many oil producing technologies are old, inefficient and inflexible. Greater investment and newer technologies will help expand exploration and get oil out of the ground more efficiently. At the same time, we need to take action to reduce global demand. The remarkable and welcome economic development in China and India has, of course, contributed to greater energy demand. Economic development leads to greater demand for energy.

For instance, the number of vehicles in use around the world is forecast to grow from 500 million to over one billion by 2020. What this means is that in order to reduce demand, we need to address energy efficiency and greater transport fuel efficiency.

In the case of oil, the economic and the environmental imperatives are pointing in the same direction – demand reduction, in part through increased energy efficiency. When the G8 meets in Japan next month, Australia argues that energy security, OPEC production and global energy efficiency be at the top of the agenda.

Escalating energy prices in turn have an impact on food production. Australia's Foreign Minister attended the Food and Agriculture High-level Conference in Rome last week. He reiterated our support for the decision by United Nations Secretary-General Ban Ki-moon to establish a Task Force on the Global Food Crisis.

In Australia, we are developing a comprehensive long-term action plan for food security which will draw on our expertise in semi-arid agriculture research, production and adaptation. Australia has committed nearly \$100 million to the United Nations World Food Programme for 2007-08.

I want to acknowledge that the Government of Japan, too, has been very generous in of its financial support for international emergency food aid. Acting on the causes and effects of the global energy and food crisis will be critical challenges for the decades ahead.

How Japan and Australia meet these global challenges will depend in part on the future of our own region which is home to many of the world's major emerging economies. Australia and Japan both live in the fastest growing and fastest changing region in the world. By 2020 Asia will account for 45 per cent of global GDP, one-third of global trade and more than half of the increase in global energy consumption.

As global economic and strategic weight shifts to Asia we need to anticipate the consequences and shape the region's future.

We need to think about how to take the region's architecture to the next level. Strong institutions are needed to underpin an open, stable and sustainable region. We currently have a number of institutions – APEC, the ten-member ASEAN group, ASEAN plus three, the ASEAN Regional Forum, and the East Asia Summit. Each has its own positive role to play. But none of these mechanisms as currently configured is capable of providing the comprehensive framework for what the region needs to effectively shape the future.

The region needs an organisation which enables regional political, economic and security dialogue and cooperation and, where agreed, common action. That is why I have proposed that we begin to discuss an Asia Pacific Community. Not an identical model to Europe. Not an economic union, monetary union, exclusive customs union – even less a common security pact. Our circumstances are vastly different to Europe.

But the purpose is to encourage the development of a genuine and comprehensive sense of community whose habitual operating principle is cooperation – and so actively work against any latent assumptions that future conflict in our region might one day be inevitable. It will take a lot of work to build an Asia Pacific Community – but we should remember 20 years ago Australia and Japan helped fashion APEC from nothing. Twenty years later the challenge is to take APEC to the next stage in its evolution and fashion for the first time a comprehensive Asia Pacific Community.

In this context I noted carefully Prime Minister Fukuda's important speech last month about a future Asia that "acts together". To ensure a peaceful Asia Pacific Century, we will all need to act together. None of us know precisely what our region or the world will look like in 2020 or in 2050. But I know that decisions we make now will shape that world.

That is why the Australian Government is committed to working with close friends and partners like Japan on the challenges we face. In particular on critical challenges like nuclear weapons, climate change, energy and food security, and the future shape of our region itself. Over 50 years ago Australia and Japan took the first formal steps to establish an enduring friendship and relationship. We are now true partners. I want our two nations to capitalise on that foundation. To broaden and deepen our bilateral political, security and economic relationship. And to broaden and deepen our multilateral cooperation in tackling the great challenges of our region and our world in the century of the Asia Pacific that lies ahead. Let us – Japan and Australia – shape that future together.