

AUSTRALIA'S RELATIONS WITH MALAYSIA

Address to the Malaysia-Australia Business Council, Kuala Lumpur 21 October 1988.

This is not my first visit to your country but it is my first visit as Foreign Minister of Australia. I have made a special point of coming here very early in my term of office because I believe that neighbours should be good neighbours. Since geography has decreed that we are neighbours, we should each work at making this as mutually beneficial a phenomenon as possible.

While I am new in this job, Australia is not new in this region. Our contacts go back much further than most people realise to the early Macassar traders. Within living memory our connections have developed through our longstanding membership of the Commonwealth of Nations, through our shared experience in battle and our continued commitment to regional security, and through our trading relationships. Add to this the considerable network of human contacts, thanks largely to the tradition of Malaysian students studying in Australia, and we have a very substantial basis indeed for our relationship.

In the 1950s the first Colombo Plan students began to appear in Australian universities and the first Australian volunteers began to live in Asia amongst Asians. The students and volunteers were joined by tourists, by traders and by immigrants.

Today at any given time there are some 20,000 overseas students in Australia, most from South East Asia. This number is growing and we are looking for new and more imaginative ways of expanding such mutually beneficial interchange. Similarly, there is at any time a large number of Australians living, working and travelling in South East Asia. Tourism, in both directions, is very important to all of us.

Two-way trade between Australia and Malaysia is expanding at a healthy rate. The value of two-way trade in 1987/88 was A\$1.2 billion and it is almost in balance. While this is a good result it is too early to congratulate ourselves. We each have a very small share of the other's import market. This suggests that we have a lot more work to do in building the sort of diversified and integrated commercial relationship that is appropriate for two countries which share this dynamic region.

We are both members of the Five Power Defence Arrangements which continue to serve us well. We have sent Australians to help Malaysia not just because we felt the need to help a friend in need but also because we saw it as in our interests to do so. The security of Malaysia matters to us. The arrangements are kept up because they serve all our interests.

Australia and Malaysia also share interests in regional issues such as Cambodia, where as you may know, Australia has moved to cosponsor the resolution at the UN General Assembly. Australia has also been a stalwart support on the outflow of people from Indochina.

To me a most important aspect of our relationship is the personal contacts that have occurred, and I am confident will continue to occur between our two countries. I am proud to be part of a generation of Australian students who met, studied and lived with their Asian fellow students. We made friendships which have been kept to this day and we forged an understanding that no textbook could ever have taught us. The same is true of those Australians who are now growing up with Asian schoolmates and working together with Asian workmates.

But I am not here to talk about the past, and the "age of the Colombo Plan" is over. I am here to talk about the future. This is a fast changing region and we are all changing in one way or another. Some people fear change, but my belief is that change creates opportunities and challenges. Today I want to suggest to you that change gives us a chance to broaden, deepen and give more vigour to our bilateral ties as a basis for the future. Change inevitably brings out some strains and misunderstandings but eventually it brings us all together in a stronger and closer relationship.

Make no mistake about it: Australia is also undergoing quite dramatic change. Historically, Australia can be divided into three periods. First our aboriginal people migrated from Asia some 50,000 years ago and spread throughout the continent. Two hundred years ago Britain began its conquest of Australia and took it away from the previous owners who found themselves increasingly absorbed or pushed back. There are obvious parallels here with what happened in many parts of South East Asia two or three hundred years ago. Then began the third period with the introduction of immigrants from other backgrounds; first exclusively from Europe, then the Middle East and then from Asia and elsewhere. By 1973 the White Australia policy which had been introduced in 1901 had disappeared completely.

Changes are also being forced on Australia by outside events. Our economy was traditionally a colonial economy par excellence. We sent primary products to Europe which processed them and sold them back to us as manufactures. Sound familiar? To this day our economy is still very much the same in structural terms but, like our neighbours in South East Asia, we are making determined efforts to change things. We will of course continue to produce these things very efficiently. I am sure you will do the same. But the world is still not giving fair treatment to countries like ours. The highly industrialised nations of the world have built up barriers to protect their highly inefficient agricultural sectors and to deny us the fair prices which we should get for our produce. Protectionism is really a threat to the well being of all of us.

So what are we doing about this? First, we are working closely with you and with other countries in a similar position to fight for our common rights internationally.

In the field of trade diplomacy, for example, we have important mutual interests. Both Australia and Malaysia recognise that the liberalisation of international trade, especially in agriculture and tropical products, is essential to sustained world trade and economic growth.

The achievement of tangible results at the mid-term review of the Uruguay Round of Multilateral Trade Negotiations in Montreal in December is crucial to the ultimate success of the round. Progress on issues such as agriculture, and particularly tropical products, will be evidence that real efforts towards trade liberalisation are being made.

The Cairns Group of fair traders in agriculture, of which both our countries are members, has and will play an important role in achieving agricultural reforms. The proposal for mid term review action on agricultural reform, which was developed by the Cairns Group members, outlines a balanced and integrated framework for reform. Australia continues to encourage both the US and the EC to achieve genuine progress in reforming agricultural trade.

I want also to highlight how Australia is restructuring its economy to reduce our dependence on commodity exports. We are looking to do more downstream processing of our raw materials in Australia and to establish new industries based on our high standards of education and technology. While the detail may differ, our neighbours are doing much the same thing.

Australia has also realised that, if it is to be part of the region's economic future, it has to adopt policies of deregulation and liberalisation so as to foster internationally competitive manufacturing and service industries.

To this end the Australian Government announced in May this year, major microeconomic reforms including lowering of assistance to industry and a comprehensive review of company taxation. Deregulation of the banking sector and the floating of the Australian dollar have been other important changes.

It is appropriate that I emphasise these changes today because, for many years, Malaysia has been critical of Australia's industry assistance policies and has seen them as barriers to the development of two-way trade. I want to emphasise that Australian industry policy has changed direction in a fundamental way. Protection for the manufacturing sector is being reduced by about one third while at the same time the developing country tariff preference has been retained. All import quotas are to be eliminated by 1995.

I hope that the full extent of these changes is recognised in Malaysia and that it helps in promoting a new understanding of the commercial potential in the relationship. The changes will mean an Australia which is in a much better position to participate with Malaysia in building a more complex bilateral commercial relationship. The changes will also create important market opportunities for Malaysia at a time when your new export industries are beginning to make their mark in world markets.

An expansion of our commercial relationship will not happen automatically. It will require the concerted efforts of our respective business communities and encouragement by governments through policies that facilitate trade and investment flows.

I know that some of you are already following up on these new opportunities. But there is much to be done. The commercial relationship that I would like to see develop between our two countries is one where two-way investment plays a bigger part.

We have the beginnings of such a relationship with some large Australian companies operating in Malaysia such as BHP/Lysaght ACI and Dunlop. I am also aware of growing Malaysia investment in Australia.

Recent moves by the Malaysian Government to improve the investment climate have been welcomed by Australian firms. This is the sort of flexible approach that is required on the part of Governments if we are to meet our common objectives of more outward looking and robust economies.

Today Australia is a country rich in new as well as old traditions. We maintain with pride and determination the best of our old traditions. We believe in representative government, equality before the law, social justice for all and in the freedom of the individual. We believe that while individuals must accept some restrictions in order to make society work, the state exists to serve all the individuals which make it up. We also believe that our country has been greatly enriched by all the new influences which our immigrants have brought with them. Australia is a livelier, wealthier, more tolerant and more interesting country as a result.

We Australians are known as a direct people. We prefer to avoid misunderstanding which is why we try to be clear. I would like tonight to talk to you frankly about modern Australia and how I see its place in this part of the world which we both inhabit.

It is easy to ask what is Australia but not so easy to answer that question. Like most of the countries of South East Asia, we are the product of a number of different influences. Like you, we are trying to mould our different cultural heritages into a unified modern nation. We do not pretend to be perfect. Indeed one of our better traditions is our willingness to

criticise ourselves and to continually look for new and improved ways of doing things.

Australia does not want to lecture people on how to run their countries nor do we intend to interfere in their domestic affairs. We do however take very seriously the U.N. charter and other international instruments which we have signed. I know that there is no single view of morality and I would be the last one to try and impose one. There are however certain basic principles which have been recognized by the international community as fundamental human rights.

There are, of course, well established precedents for one country to express concern about developments in other countries. South Africa is a good example. Neither Australia nor (Malaysia) would accept an argument that we should be silent about apartheid because it is South Africa's internal affair. So it is not a question of interference in the affairs of others.

You will all have seen reports of differing opinions in Australia on the subject of Asian migration. I am not going to bore you here with a detailed discussion of Australian domestic politics. What I do want to do is to put that discussion in its proper context. I want to make it quite clear that Australia has a large and respected Asian community which forms an integral part of our society. It is a community which has been influenced by their fellow Australians and which has exercised influence on them. Australia welcomes people from all over the world and the government in which I am a Minister will never, under any circumstances, return to a policy of racial discrimination, be it in migrant selection or any other field.

Regrettably, however, just as you have people with extreme views, so do we. There are people in Australia who are prejudiced against other people because of their race, their religion, their cultural background, their football team or a host of other things. There are also, to be fair, Australians who are basically decent people but who grew up in a different era. They do not represent mainstream Australia as it is today and they most certainly do not represent the direction in which Australia is moving. This just illustrates the extent to which there can be different perceptions and different values operating in Australia's dealings with the region.

It is clear from what I have said that there is scope on both sides to work towards a better understanding of each other. In Australia we are doing this through, for example, the emphasis the Government places on Asian Studies programs in education. This is but one way in which Australia is recognising its place in the Asian region and working towards improving our understanding of the region.

We are increasingly becoming closer economically. We have great opportunities to build up a wider trading relationship based on the classical maxim of exchanging what we each

produce best. We have a lot to learn from Asia and a lot to gain. The opening further of our respective markets will serve as an important catalyst for the development of closer relations generally.

I see our future as one which increasingly interdependent economically as well as linked more and more in cultural and human terms. It will be a partnership amongst friends which benefits us all in many ways. Problems can be easier to manage where they are set against a relationship that has more depth and substance and that should be our joint goal.