

AUSTRALIA AND INDONESIA : PARTNERSHIP IN DIVERSITY

Address by Senator Gareth Evans QC, Australian Minister for Foreign Affairs, to the Research Institute for Asia and the Pacific (RIAP) and Indonesian Centre for Strategic and International Studies (CSIS) Conference, *Australia and Indonesia: Diverse Cultures, Converging Interests*, Jakarta, 2 July 1994

Australia and Indonesia are most unusual neighbours. More than any other two countries in the world living alongside each other we are different - in languages, cultures, religions, history, ethnicity, population size, and in political, legal and social systems. We might as well be half a world apart.

Australia, a vast continent, largely arid and sparsely populated by seventeen and a half million people; Indonesia, a lush archipelago of 17,000 islands stretching from Sabang to Merauke, very densely populated by 190 million people. Australia, predominantly Caucasian, and following Judaeo-Christian traditions, although now with over one million of its population of Asian origin and a significant Muslim minority. Indonesia- a deeply religious society - predominantly Muslim, but with significant Christian, Buddhist, Hindu and other minorities.

Australia, increasingly multicultural with over one quarter of its population born overseas; Indonesia - integrated as one nation, rich in a variety of cultures - Javanese, Batak, Balinese and so on. Australia, a developed industrialised economy; Indonesia, a developing industrialising economy. The list of contrasts goes on and on.

Against this background, it is hardly surprising then that for much of our modern history we in Australia looked on this vast and magnificent archipelago to our North with much curiosity and even apprehension.

Indonesia itself did not often look south, beyond the Southern Ocean, the home of Ratu Roro Kidul (Queen of the Southern Ocean) and Dewa Ruci (the place where real wisdom lies). Some even considered Australia, to use Harry

Tjan Silalahi's words, 'an appendix - a little known organ of the body which is often surgically removed with no apparent effect'.

But we *are* neighbours. And we have not been entirely ignorant of each other until the last few years. The Aborigines of Northern Australia and the Macassans of the Indonesian Archipelago were trading at least four hundred years ago. They developed an understanding of one another, married and even shared some of the same vocabulary (such as the word 'balander' for a person of European origin).

More recently, in the modern age, Australia strongly supported Indonesia's struggle for independence from the Dutch in the period 1945-1949. In 1965, at a time of crisis for the Indonesian economy, we were influential in creating an aid consortium to support Indonesia's own efforts at economic stabilisation and recovery: this initiative lives on in its modern form as the Consultative Group on Indonesia.

But it has to be admitted that the modern relationship, which began in an almost romantic frame of mind almost fifty years ago, did then - as romances sometimes do - rather languish. It was a matter of hope rather than substance, and from time to time the hopes seemed rather bleak.

Going back just six years, soon after Pak Ali and I became our countries' Foreign Ministers, I remember making one of my first speeches about our relationship. My theme was to 'suggest' - in a very cautious and tentative way - that we needed to build more substance into our bilateral ties, and to propose 'that we should no longer talk of the relationship as though it were a patient of precarious health, sometimes sick, sometimes healthy, but always needing the worried supervision of diplomatic doctors'.

Looking at where our relationship stands today - after working together so well on Cambodia, and the establishment of APEC, and the beginnings of a new regional security dialogue; after negotiating the Timor Gap Treaty in all its enormous complexity and sensitivity; after seeing our trade grow by 300 per cent, and the impact that has been made by this week's Trade and Industry Exhibition; after establishing the Australia Indonesia Ministerial Forum, and feeling the warmth of our personal relationships from President and Prime

Minister down; after seeing the success of most of the cultural components of the *Australia Today Indonesia '94* promotion, of which this Conference is part; and after seeing the number and quality of distinguished Indonesians and Australians attending today's conference - it seems odd that I was so cautious.

We are in the process of developing and consolidating a mature, multi-layered and multi-dimensional relationship with a growing level of understanding and appreciation, very much one of 'comprehensive engagement'. We have learned that we cannot sensibly ignore each other, and that there is nothing to be gained - and much to be lost - by scoring points off each other for domestic or international consumption. Given our respective size and stature in the Asia-Pacific, we have much to gain by building a close, vibrant, positive and resilient relationship.

Economics. The most obvious and immediate gain will be economic. We already have a substantial foundation on which to build. Two-way trade between Australia and Indonesia *has* just about trebled over the past five years, rising from \$1 billion in 1988 to \$3 billion in 1993. Australia has emerged over recent years as one of Indonesia's major trade partners, ranking tenth as a market for Indonesian exports and sixth as a source of imports, after Japan, the United States, Germany, Singapore and South Korea.

Australia is also one of Indonesia's top ten investors, both in terms of the value of investments and the number of projects approved. There are about 180 Australian companies in the mining, manufacturing and services sector in Indonesia, representing a total direct investment of over \$2.5 billion. In turn, according to the statistics, Indonesian business has to date invested about \$200 million in Australia, although I suspect that the true figure is much higher than this.

But the important thing is not where we are now, but where we can get to. Each of us brings great, and growing, strengths to the relationship. It is worth recalling, before I come to the details of those strengths, that both our countries were part of a recent study by the Institute for International Economics, a Washington think tank, on those countries which had succeeded in radical economic change. The study, entitled "The Political Economy of Policy Reform", found that to fundamentally change economic direction,

countries required vision and a strong political base, as well as an understanding of economics. And both Australia and Indonesia, according to the report, *have* clearly demonstrated these capacities.

Despite our small population size, Australia is, and remains, a significant economic player in the region, and indeed the world. In GDP terms, we rank as the 14th largest economy in the world, and third largest in Asia after Japan and China. Together with New Zealand, our CER partner, we are around the size of all six ASEAN economies combined. Moreover, the Australian economy today is very different from what it was a decade ago. Ten years of deregulation, trade liberalisation and dramatic structural reform has transformed it to the point where Australian companies now compete and perform fully effectively against world competition. Australia's international competitiveness has increased by 30 per cent over that period, and our manufacturing-led growth rate, of around 5 per cent, is now just about at the top of the OECD performance table. All this means that Australia, after a period of slipping backwards from the 1960s onwards, is again climbing the prosperity ladder. An OECD report released earlier this week indicated that Australia is now ranked 13th among the developed economies in terms of per capita GDP, up from 15th in 1992 and 16th in 1991. Just between now and the end of the century the Australian economy will grow by \$100 billion (\$US70 billion). To put this in perspective, we will add to our economy over the next six years the equivalent of about half the size of the Indonesian economy of 1994. And, when one takes into account the fact that we have abolished all import quotas, that our average tariff rate is now less than 5 per cent and that it will be less than 2 per cent by the year 2000, we represent rather significant market potential for Indonesian exporters.

On the Indonesian side, the economy has also undergone major structural adjustment and reform. It is now much more diversified, competitive and export oriented than it was just a very few years ago. Manufacturing industry has achieved annual growth of 12 per cent over the past 5 years, with this sector's contribution to total GDP expected to have increased to 24 per cent by 1999, and the agriculture sector's decreasing to 18 per cent. The Government has also moved to liberalise trade by removing non-tariff barriers and lowering tariffs - the most recent package, going significantly further than Uruguay Round obligations, just a few days ago - and has taken steps to

deregulate industry. Again, very recently, Indonesia announced a major investment liberalisation package, opening previously restricted strategic fields to joint ventures, creating an even more attractive environment for foreign investors.

Indonesia has combined strong growth rates (average growth of 6.8 per cent over the last 25 years) with a significant decrease in the number of those living under the poverty line - from 54 million (40 per cent of the population) in 1976 to 30 million (17 per cent of the population) in 1993. It is estimated that Indonesia will achieve NIC status - one of the select group of high achieving Newly Industrialised Countries - by 2008, and that attainment of NIC status will significantly narrow the gap between our two economies.

Let me put the potential for the development of our economic relationship, which I believe in fact is unlimited, this way. There are currently two developing countries with more than 100 million people located in East Asia - China and Indonesia. Although there are important differences in the two economies, both are engaged in processes of transformation which have profound implications for the countries around them. In the global economic environment of the mid 1990s, they are often competing for the attention of international business interests. At present, China is soaking up much of the capacity of the Asian region's biggest advanced economy, Japan, to supply its requirements for capital, technology and managerial expertise. Japanese direct investment in China rose by over 50 per cent last year while it declined for most other countries, including Indonesia. The other industrialised economies of North Asia are also increasingly oriented towards China.

But Indonesia, too, has pressing requirements for strategic support for its continued growth and development - and we believe that we in Australia are capable of providing a good deal of that support. There *is* a growing convergence of interest between Australia and Indonesia in the areas of technology, markets and managerial expertise, which is of profound strategic significance for both sides. There are already opening enormous opportunities for Australian companies to lock into Indonesia's growth trajectory with trade and investment, and these opportunities can only get bigger. Indonesia's substantial population growth - rising to about 290 million in 2030 - changing age structure, expanding urbanisation and developing industrial base, will

drive demand for a range of goods and services which Australia is well placed to provide. Joint venture areas that immediately come to mind include education and training; infrastructure; residential housing; business and financial services; health care; processed foods; and tourism. Australian industry has the skills and capacity to help Indonesia meet its enormous demand for infrastructure projects.

To take maximum advantage of the economic potential in our relationship will require not just entrepreneurial effort and follow through, but some hard continuing work by governments to set the policy conditions within which business can flourish.

APEC will be absolutely crucial in this respect. In existence only since the end of 1989, APEC has already shown its potential as an organisation for OECD-style *economic cooperation* on data compilation, policy dialogue and sectoral development. Since the Seattle Ministerial and Leaders' Meetings last year, APEC has also set in train a major *trade facilitation* agenda - addressing issues of common technical standards, mutual recognition of certification procedures and professional qualifications, common investment rules and guidelines and the like - all of which will potentially impact very positively on business profitability. Beyond all this, APEC offers the potential to be the vehicle for major new *trade liberalisation* - seeing tariff reductions beyond anything attainable under the global negotiating regime of GATT.

I know that there is a strong commitment to this vision of what APEC can achieve at the highest levels within both our countries, and I hope that at least some of that vision will find expression in the second APEC Leaders' Summit to be hosted by President Soeharto here in Jakarta in November. For Indonesia and Australia to be sharing that vision, to the extent I know we both do, marks a dramatic and extremely important step in the evolution of our relationship.

While moving towards these larger objectives, there are a number of important lesser steps, or building blocks, that our governments can be constructing along the way. One within immediate sight, is the rapid development of the B.I.M.P.- East Asean Growth Area: Northern Australia is a logical addition to this "polygon" - not least because of the trade we already

have with the Southern Philippines and Brunei, and the substantial development assistance we commit to Eastern Indonesia. Australia has a great many skills in agriculture, infrastructure engineering, manufacturing technology and environmental management, all of which are immensely relevant in this respect.

A wider sub-regional arrangement that we are looking forward to exploring in detail with Indonesia and the other ASEANs in the months ahead is a possible linkage between our CER and your emerging AFTA: the merger of two free trade building blocks in the APEC region of roughly equivalent size would make a major contribution to the free trade dynamics of the whole region. It would not be a matter of forming trading alliances *against* anyone else: rather, it would be systematically harnessing the energy which already exists between us in ASEAN and Australasia, and doing so to pursue the wider Asia Pacific and global trade liberalisation objectives that are in all of our longer-term interests.

Security. There was a time when *security* would have been the most important element in determining, at least on the Australian side, perceptions of our relationship. There is no need, these days, to give even a moment's reflection to the possibility of either of us being a threat against the other: there has never been any logic in that possibility and - if this be arithmetically possible! - there is even less now.

But that does not mean that there are no possible contingencies that could disturb the present relevant tranquility of the Asia Pacific region. Of course there are, and we need to guard against them. We need to develop the cooperative strategies, and the sense of an interdependent Asia Pacific community, that will make them much less likely.

Australia and Indonesia have already worked together extremely closely to resolve what over the last twenty years had been the single most worrying and destabilising security problem in the South East Asia region - Cambodia. And we are, together, now founding members of what we hope will be a lasting, effective new mechanism for multilateral security dialogue in the Asia Pacific

region. This is the ASEAN Regional Forum, which will hold its inaugural meeting in Bangkok next month, bringing together all the region's major security players - China, Russia and Vietnam as well as the US and ASEAN's other traditional dialogue partners. We cannot expect major achievements over night from this new forum, but nobody can deny its potential importance - or its impact, already, in bringing Indonesia and Australia even closer together.

Culture. There are other, more immediate, ways of course in which we are coming together. Australia has emerged as the second-most popular destination for Indonesian students after the US, with more than ten thousand Indonesians presently studying in Australia. And on present trends, Australia is likely to overtake the US before too long.

And we are increasingly enjoying the pleasure of each other's company as tourists: last year, over 200,000 Australians visited Indonesia, and there has been a sharp rise in the number of Indonesians visiting Australia - 46,000 Indonesians came last year, and we expect the total to be over 70,000 this year.

There is no doubt that new technology will also generate social change in both our countries and be a force for greater cultural convergence. As wealth increases in both countries, TVs and VCRs are becoming increasingly commonplace. Computers are becoming everyday items, and the electronic transmission of data links both of us into a common global network.

Just how quickly our technologically-driven relationship is moving can be gauged by the fact that the Australia Television service is carried to the region by an Indonesian satellite. Had I predicted that development ten years ago - or even in that speech in 1988 - my colleagues would have begun looking at me sideways. Looking just a few years ahead, the media area offers the opportunity for almost limitless speculation. One quite plausible short term scenario is that TV news services of the various national broadcasters might end up being carried by the ATI service via the Palapa satellite - with the result that wherever any of us might be in the region we are able to track closely the events and views in each of the major centres.

More imaginative minds might even see Australia and Indonesia working

together to develop a South East Asian media centre. Hong Kong is already emerging as the North Asia centre with major regional print and electronic operations based there. I cannot see why Indonesia's geographical position, and its great significance in the regional economy cannot combine with Australia's acknowledged capacities in video and film production, and the robust traditions of our journalism, to build a strong, vital and regionally relevant media operation. There is of course some nervousness in Indonesia about accepting, right now, all the implications of a free and open media: that has had some unhappy recent consequences of which we are all aware. I can only express the hope, in which many I know here will join, that there will before long be accepted not only the desirability, but the inevitability, of effective mass communication, and full and open political and cultural expression. We can all only hope that the marvellous richness and diversity of this society will be able once again to be experienced and enjoyed by all its members.

Dr Mochtar Kusumaatmadja recently commented "Today, nations are increasingly tied together through a fine web of economic interests and technological advances in mass communication. However interdependence without cultural understanding is at the root of much international tension". General Try Sutrisno put it even more succinctly when he was in Australia a few years ago: "Tak kenal maka tak sayang" ("Not to know is not to love").

As I see it, our task is not to force some vague notion of the need to blend our two very different cultures, or to ensure that they evolve in the same directions. Rather, our task is to promote a sympathetic awareness and understanding of our different social and cultural values, which understanding will enable the people of both our countries to live side by side in political and cultural harmony.

I look forward by the turn of the century to Indonesian lawyers being able to discuss with Australian lawyers the differences between, say, the Undang-Undang Dasar 45 (Empat Puluh Lima) and Pancasila on the one hand, and what will no doubt then be our recent amendments to the Australian Constitution, making it a republic, on the other. I look forward, around the same time, to Qantas negotiating to purchase aircraft from Indonesia to service its new routes from Darwin to Manado and Jayapura. I look forward to

Australian made optic fibres connecting hundreds of thousands of telephones and computers from the two countries under the sea. I look forward to Indonesian and Australian scientists averting potential environmental disasters by using remote sensing through jointly developed satellite ground station coordination.

I look forward to Indonesian and Australian television audiences being glued to their screens watching not just the Olympic Games but the final of the Thomas Cup Badminton Championships, each trying to grasp the mantle of world champion - at the moment an Indonesian rather than Australian preoccupation. And I look forward to them having the option of watching that telecast via the Indonesian network or the Australian service, both available to each other with a click of the remote control - and with a great many Indonesians and Australians able to follow the commentary on *either* channel.

In all of this lies true synergy and true partnership in diversity . And I truly believe it will happen.

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