

Mr Speaker, in 1967 Indonesia, Malaysia, the Philippines, Singapore and Thailand met and established the association of South East Asian nations. The principal aims of the association, set forth in the ASEAN Declaration signed in Bangkok on 8th August, 1967, are to accelerate the region's economic growth, social progress and cultural development, and to promote regional peace and stability.

The leaders of the five ASEAN nations undertook to promote active collaboration and mutual assistance in matters of common interest in economic, social, cultural, technical and administrative fields.

This undertaking was reaffirmed in the Declaration of ASEAN concord issued at the end of the first ASEAN Summit Conference held in Bali last year.

ASEAN leaders recognise that only through interdependence and self-reliance will they secure peace and stability in the region. And they have concerted their energies to establish the region as a force for stability and concord.

The five countries have made a significant effort to develop friendly relations with their neighbours as well as to accommodate the changing pattern of involvement of the major powers in South East Asia.

The ASEAN countries have firmly held that ASEAN is not, and should not be, a security organisation or military pact. Increasingly their concern has been with the problems of economic development.

This reflects their clear recognition of the very close connection between economic development and social and political stability. Coinciding with ASEAN's tenth anniversary, Australia together with New Zealand and Japan received an invitation to meet with the Heads of Government of ASEAN in Kuala Lumpur on August 6 and 7. The occasion was of significance: it was only the second time in which the five leaders had met together and the first at which any leader of another country had been invited to meet with the five ASEAN Heads of Government as a group.

The meetings with the ASEAN Heads of Government were of the greatest value in furthering the strong and friendly ties that have linked Australia with these five countries for more than three decades. The meeting demonstrated, at the highest level, our mutual desire to enhance Australian/ASEAN co-operation.

Mr. Speaker, Australia strongly supports ASEAN's objective of preventing domination of the region by any major power and we have a significant interest in helping to ensure that ASEAN succeeds in its efforts to generate the economic growth and political stability for which it is striving.

Our relationship with ASEAN is one which will require continuing and special attention.

The opportunities which the Kuala Lumpur meeting provided to discuss policies in an open and direct manner have made many of our policies better understood, particularly those relating to our economic and trading positions.

The opening meeting between the leaders of the five ASEAN countries, Japan, New Zealand and myself afforded a useful opportunity for us to make contact as a group and to exchange views on matters of common regional concern.

At Australia's suggestion, world economic trends and their implications for the region were discussed. Matters which were raised included our common problems of inflation, economic recovery and international trade.

The good will between the eight countries was most evident. This good will has the most important long-term implications for the development of a framework of co-operative, imaginative and mutually beneficial relations between the countries of ASEAN and their neighbours.

The meeting the following day between myself and the five ASEAN Heads of Government was particularly successful and significant. It established strong foundations for the further development of relations between Australia and ASEAN.

The ASEAN Heads of Government raised the question of our trade and they expressed the strong wish to increase their share of trade with Australia. I emphasised that the balance of trade with ASEAN countries has moved relatively in ASEAN's favour since 1970/71 from a ratio of 3.4 : 1 to 2:1. The growth rate of imports to Australia from ASEAN over the last five years has averaged 30 % per year and because of import competition and changing demand patterns, employment in the Australian Textiles, Clothing and Footwear industries has declined from about 160,000 in 1971, to less than 120,000 today.

Given the short term economic difficulties Australia has experienced over the past few years, there is little prospect of imports from ASEAN continuing to grow at the rapid rate of the last five years at the further expense of Australian industry. There will be further opportunities for ASEAN's exports to Australia to increase when the economic and employment situation in Australia improves. I believe the ASEAN countries understand this. And there are opportunities for ASEAN's exports to Australia to expand by competing with other countries that export to Australia. ASEAN enjoys only a small share of Australia's imports of textiles apparel and footwear - under 10% of the value of such imports from Korea, China, Hong Kong and Taiwan combined, and clearly there is room for improvement in this share.

In discussing the desirability of increasing ASEAN's share of the Australian import market, it was agreed that an annual ASEAN trade fair sponsored by Australia and ASEAN, be held in one or other of the State capitals. The first of these fairs will be held in 1978.

I also emphasised that ASEAN trade opportunities in the Australian market were heavily dependent on Australia's access to other markets particularly the E.E.C. for Australia's agricultural products.

Australia's experience in endeavouring to obtain access to European markets has been far from satisfactory. Many of our agricultural products have been utterly excluded from the E.E.C. by high import levies. In 1960, our exports to members of the E.E.C. accounted for 40 per cent of our total exports. Now that proportion has been reduced to 14.8 % to a significant extent because of the restrictive policies of the E.E.C. To make matters worse, artificially stimulated domestic surpluses in the E.E.C. are being exported subject to subsidies which frequently change and are often quite exorbitant disrupting our other traditional markets around the world.

A recent example is the E.E.C. subsidy or "restitution" on malt. As from November, the subsidy will increase by more than 30%. And this arbitrary rise could have very damaging effects on the Australian malt industry.

The ASEAN members and Australia noted their common interests as commodity producers.

We expressed our joint concern at the decline in recent years of the terms of trade against commodity producers and the difficulties sharp fluctuations in commodity prices have caused producers.

The role Australia has played in commodity agreements for stabilising world trade was raised and we expressed our support for the concept of a common fund for commodity trade.

The ASEAN leaders also welcomed the initiative Australia had taken at the June Commonwealth Heads of Government Meeting in establishing a Commonwealth task force to consider the part a common fund would play in commodity price stabilisation.

The ASEAN leaders expressed the hope that the adoption of complementary trade policies would benefit both ASEAN and Australia. In this respect they indicated their desire to increase their own imports from Australia.

There has been some speculation in the press about discriminatory measures against Australian imports continuing to be applied. I was assured by the Malaysian Trade Minister, in the presence of the Malaysian Prime Minister, that discriminatory impediments in the way of the development of that trade had been removed. The Government attaches considerable importance to that assurance.

In order that we might discuss mutual trade problems before they become difficult or acute, I suggested that ASEAN and Australia should establish better arrangements for consultation on trade matters.

The precise form such consultative machinery might take is still to be determined. We want arrangements which will be responsive and can be activated quickly by either side. Our objective is to have a forum for discussion and identification of problems in all aspects of trade between us. It was agreed that our foreign ministers should make appropriate proposals to our respective governments at the earliest opportunity so that the proposed new arrangements can be established.

In looking at ways in which we could promote closer economic cooperation, we agreed on the need to establish a sound basis of knowledge from which a long term economic relationship between ASEAN and Australia would be developed.

To that end we proposed and will finance a joint ASEAN/Australia research project, its success will require a major mutual effort.

It is envisaged that it will take the form of an independent research team in each of our six countries working together and assembling cooperatively the basic material, ideas and proposals for greater cooperation.

It will not be expected to bring quick results. But it will give us a reliable foundation on which to build a long term economic relationship. Another matter which was raised was the basis upon which Australian import quotas are issued. A review of the principles involved has now been undertaken and details will be announced shortly.

At the post ASEAN talks Australia also announced a significant expansion in the size of Australia's aid programme to ASEAN countries, and several measures aimed at improving its quality. These proposals are indicative of our positive interest in the economic development of the region.

They can be briefly summarised. Australia will contribute an additional \$10 million to the ASEAN/Australia economic cooperative programme. We have increased our forward commitment for total bilateral aid to the five ASEAN countries by \$90 million to \$250 million. In order to improve the quality of our aid we will untie it further to allow increased procurement of materials and equipment from within the ASEAN region. We will also fund some local costs and enter into co-financing arrangements with international organisations, where this is considered appropriate by the recipient country.

The ASEAN leaders sought Australian assistance in developing five industrial projects which ASEAN is promoting, and the Australian Government confirmed that it would contribute to those projects within our available resources and capacities as the projects become more clearly defined. It is envisaged that our assistance will take the form of feasibility studies, technical training, design and construction work, and possibly assistance in the development of infrastructure. Discussions at official level will be held about the five industrial projects when appropriate.

The ASEAN leaders were also interested in our policy on Australian investment overseas. I indicated that the Australian Government welcomed investment overseas where this contributed to the economic and social development of the countries concerned, but at the present time we would have difficulties with investment which involved little more than the transfer of operations to other countries with a consequent loss of jobs in Australia. Because of our willingness to encourage Australian investment in the ASEAN countries, an ASEAN suggestion that we sponsor an ASEAN/Australia investment seminar was accepted. It is envisaged that this will be a major seminar based on the experience of one which was held most successfully earlier this year between the European community and ASEAN.

Whilst in Kuala Lumpur I also had the opportunity of having particularly useful talks with the Prime Minister of Japan, Mr. Fukuda. A number of matters of significance in our bilateral relationship were discussed, including the importance Australia attaches to stability in trade.

Australia seeks predictable and growing access to the Japanese market for agricultural products on a stable basis. As to Australian beef exports to Japan, I pointed out to the Japanese Prime Minister that the present arrangement of negotiating beef quotas every six months was disruptive to the beef industry's ability to operate effectively. It should be possible to devise a system which both affords reasonable protection to the Japanese beef industry and gives more predictable and stable access to the Japanese market. Mr. Fukuda agreed that our officials should work together closely to devise a system which would better serve the needs of stability. Our officials are expected to meet shortly in Japan to consider various alternatives including, for example, a fixed base quota together with a growth factor related, say, to beef consumption in Japan.

The current state of negotiations on the long term sugar contract was also raised. I stressed that the security of long term contracts as bankable documents should not be compromised in any way. The Government's strong support for the generality of the case put by CSR to the Japanese refineries and the Government's belief that CSR had made concessions enough was also emphasised. Any concessions made up to 1980 (when the contract expires) would need to be compensated for by some arrangement after 1980 covering both price and tonnage. It is the strong desire of the Australian Government and, Mr. Fukuda indicated, of the Japanese Government also, that the commercial parties resume meaningful negotiations and arrive at a prompt and mutually beneficial solution. It is in the interests of all concerned that the negotiations be brought to resolution as quickly as possible.

During the three days of discussions, the Philippines and Japan both raised the subject of uranium with me. Both stressed the importance of nuclear power to meet their future energy needs and expressed the hope that Australia would be a future supplier of uranium to them. They were informed that the Government's decision on this issue would be taken shortly and that their representations would be taken into account in reaching that decision.

The ASEAN leaders warmly welcomed the initiatives Australia had taken and all our discussions were both constructive and helpful. The ASEAN leaders are playing a positive and progressive role in the development of our region.

I am confident that as part of this process ASEAN will strengthen and extend its relations with Australia and other countries. Australia is concerned to promote the totality of its relationship with ASEAN. The measures agreed at Kuala Lumpur will add significantly to this.

Mr. Speaker, I request leave to table the joint statement issued at the end of my meeting with the ASEAN leaders.