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## PRIME MINISTER

### MAJOR AGREEMENTS BETWEEN AUSTRALIA AND INDONESIA SIGNED TODAY

The following is a brief description of the three major agreements between Australia and Indonesia signed earlier today.

The Fisheries Co-operation Agreement will help in the management of the fishery resources, and in the conservation of stocks which straddle the waters of both countries. The Agreement will facilitate the exchange of information and fisheries personnel and co-operation across a wide range of fisheries related activities, including developments in fishing gear, training, agriculture, surveillance, marketing and post-harvest technology.

The Agreement will also encourage closer co-operation on research and management of fishery resources of mutual interest, including straddling stocks, shared stocks and highly migratory species. It will provide a consultative mechanism under which issues such as illegal fishing in the Australian fishing zone (AFZ) and overfishing by foreign fleets in waters adjacent to the AFZ can be discussed. The Agreement does not itself provide for any new access to each others' fishing zones, although it does provide a framework for possible future access should the state of fish stocks permit.

The Double Taxation Agreement will clarify the taxing rights of Australia and Indonesia over income flows between them. It contains provisions for the avoidance of double taxation and the prevention of tax evasion. The Agreement allocates taxing rights in respect of various categories of income flowing between Australia and Indonesia. Certain classes of income are to be taxed only in the country of residence of the recipient. Other classes of income may be taxed in the country of origin, with the country of residence of the recipient. Other classes of income may be taxed in the country of origin, with the country of residence, if it also taxes the income, allowing a credit in respect of the tax paid in the other country. In addition, the Agreement places limitations upon the rate of tax that the country of origin may impose on dividend, interest and royalty income and pensions, including government pensions, paid to residents of the other country.

The Second World War brought Australians and Indonesians into extensive contact with each other.

After the war there was widespread sympathy among Australians for the cause of Indonesian independence.

The sympathy found concrete expression when, in the course of the Indonesian struggle, the Australian labour movement imposed boycotts and black bans against Dutch shipping.

In 1947 it was Australia, together with India, which brought the matter of Indonesian independence before the UN Security Council.

Shortly after, Australia was nominated by Indonesia to sit on the three-nation United Nations Good Offices Committee.

As one commentator said, this display of confidence in Australia by Indonesia was the high-water mark of relations between our countries in the early post-war years.

Australia co-sponsored Indonesia's admission to the United Nations in 1950.

The achievement of your independence was thus one of the proud moments in the history of Australian diplomacy.

But of course the historical threads go well beyond the last fifty years.

Australia, after all, was once called New Holland.

Not many years after the Dutch established themselves in Indonesia, one of their number, named Abel Tasman, sailed from Jakarta - or Batavia as it was then known - along the west and south coasts of Australia.

He left Australia, rather ungraciously remarking, "there is no good to be done here".

And he sailed on to trade with places in the north, including Japan.

Asia has long been a theatre for trade between dissimilar societies, and Australia and Indonesia have long been a part of it.

Before Europeans traded in the region, fishermen from the Makassar area in what was then called the Celebes, were trading with China in trepang gathered off the northern Australian coast.

This was Australia's first export commodity: and a value-added one at that - for, with the cooperation and assistance of the Australian Aborigines, the trepang was cured and smoked on Australian shores for export to China.

The cultural influence of this trade can still be seen in the language and culture of the Australian Aboriginals who came in contact with the peoples from the Makassar area.

In the era of colonial Australia and colonial Indonesia, Jakarta was a refuge and source of supplies for British ships - beginning with James Cook's Endeavour.

In the first half of 1790, the infant British colony at Sydney Cove, cut off from home, terribly alone, and as yet incapable of making the new environment yield food, sent a ship to Jakarta for supplies.

By the time it returned, British ships had arrived and the colony was saved, but the ship from Jakarta was very welcome nonetheless.

Ladies and gentlemen, as we plan our strategic, trading and cultural relationships in this last decade of the twentieth century, it is worth bearing these historical threads in mind.

Together they suggest a pattern of interdependence.

They hint at what can be done.

Today we believe a great deal can be done - not merely in response to immediate needs, but in pursuit of a worthwhile and enduring relationship between our two countries.

In quite different ways we have both emerged from a colonial past. We have both committed ourselves to the kind of radical economic reform which will give our nations a secure place in the world.

The Australian government believes that all we do in the world, in Asia and the Pacific, all we do in Indonesia, we will do best as a nation of independent and unambivalent mind.

We have long been independent.

But, perhaps because we are a European country living alongside Asia, the residues of colonialism have tended to persist.

There is a conservative element in Australian society - not so strong as it was, but influential just the same - which, through its attachment to the past and its anxiety about the Asia-Pacific future, tends to resist the full expression of Australian nationhood.

It is the same element which opposed Indonesian independence in the 1940s.

Attitudes are often the last things to change.

As I'm sure it affected Indonesia long after independence, the colonial legacy still affects us, and we still face questions about what part of it we should retain and what parts cast off.

A great deal of our British colonial heritage underpins our political and legal institutions. It remains a defining element in our culture.

We do not seek to change these things.

But our population is no longer the overwhelmingly British one it was.

Contemporary Australia is multicultural - the old Australians of English, Scots and Irish stock having been joined by large numbers of people from all the countries of Europe, the Middle East, the Americas and Asia. By that measure alone we are very much part of the world.

Multi-culturalism has done much to break down our fear of cultural difference, and therefore our old fear of Asia.

We are substantially changed in this.

We are more worldly, more mature.

So should we be.

By most measures we are not a young country. The Commonwealth of Australia is almost 100 years old. Australian democracy, founded in the 1850s, is much older than most democracies in the world.

There should be no question about our identity or where our loyalties lie.

For far too long we have measured the strength of our society, the level of our sophistication, the worth of our achievements, against Britain and Europe - and against the United States.

At times we have done this while clinging to such vestiges of the old imperial power and culture as will, we think, earn us respect in the world.

We think the time has come to step out of the colonial shadow and make our position clear:

- . we are Australian
- . we are engaged with Asia.

We are different - culturally, historically, politically - but we can handle the difference.

We believe we can contribute something to what is already a diverse region. The Asia-Pacific, as well as Indonesia, can achieve unity in diversity.

Ladies and gentlemen, the Australian government is actively and unequivocally committed to this region and to developing, in particular, a relationship with Indonesia.

In significant ways we have shared the past. If we are prepared to put in the effort, we can share a much more substantial future.

In the forty-two years of our diplomatic relations, there have been substantial achievements as well as periodic setbacks.

If we reflect on that experience, I think we will see that we have made progress when we have been realistic. We have achieved things, and been able to protect those achievements, when we have found a tangible basis for our work.

We have been disappointed, I think, when we have failed to take sufficient account of our different outlooks.

We are very different countries. We will always see some things differently.

What we need for a successful bilateral relationship is the firm ground of tangible achievements, and real incentives to see us through the times when good will is not enough.

We need to identify our shared interests and create the institutional links which will consolidate our progress.

We need to create the conditions in which new shared interests will emerge.

To point the way towards a more secure relationship, let me say where I think some of our most important common interests lie.

Most obviously we share an interest in success.

More, probably, than most Australians appreciate, our country has benefited enormously from the success of yours in recent years.

Our experience of nation-building has not followed the same path as yours.

As a consequence, we are inclined sometimes to underestimate how difficult it is to achieve orderly development in a nation as vast as Indonesia, and as culturally, ethnically and religiously diverse.

The achievements of President Soeharto's New Order are very great.

Between 1966 and 1991, Indonesia's real GDP rose 450 per cent.

Its real growth rate over this period has been one of the highest among developing countries.

Structural change has been rapid: agriculture's share of GDP is half what it was a quarter century ago.

In the late 1970s Indonesia was the world's largest importer of rice. In 1984 Indonesia became self-sufficient.

The people of Indonesia are now better fed, housed and educated than ever before. Infant mortality rates are approximately half what they were.

These are triumphs.

But the achievements of the Soeharto Government spread wider than this.

In establishing political stability and economic progress in Indonesia, your government has contributed to stability and prosperity in the wider South-East Asian region.

Australia is among the beneficiaries.

We gain commercially, of course; but just as importantly, our national security benefits from a benign environment where not so many years ago there was great uncertainty and volatility.

We share with Indonesia a fundamental interest in the strategic stability of our region, and in limiting the potential for external powers to introduce tension or conflict.

Recognising this shared strategic interest, we are keen to work with Indonesia as equal partners to strengthen bilateral defence relations.

There is scope for building closer links between our armed forces and defence organisations. We can do this with more high-level visits and consultations, combined exercises, training and other exchanges.

Earlier I referred to those seamen from the Makassar area who for hundreds of years made annual calls to harvest the trepang from the shores of Aboriginal Australia.

Plainly, for hundreds of years a common interest was recognised and practical arrangements devised.

So now our practical interactions as neighbouring countries create another category of shared interests.

Our maritime border is the most obvious of these.

Most of the sea-bed boundaries were formally delimited twenty years ago, but there remained important areas where agreement had not been reached.

The most extensive of these was the Timor Gap, covering potentially rich reserves of oil and gas under the Timor Sea.

Rather than attempt to reconcile different legal interpretations of rights over the continental shelf, the two governments established a joint development zone for the cooperative exploration and exploitation of the area's petroleum resources.

The Timor Gap Zone of Cooperation Treaty, which entered into force in February 1991, is a triumph of creative cooperation between our two governments. It is the most substantial bilateral agreement we have concluded.

It demonstrates conclusively that we can find imaginative solutions to bilateral problems when we recognise the common interest and apply to it the necessary political will.

Ladies and gentlemen, earlier today three more bilateral agreements were signed.

They deal with double taxation, extradition and fisheries cooperation.

In practical ways they each expand and strengthen the framework to improve the bilateral interaction between Australia and Indonesia as outward-looking neighbours.

Ladies and gentlemen, as everyone here is aware, the situation in East Timor has been a recurring and sometimes divisive issue in our relations.

I should take this opportunity to explain that the disproportionate attention East Timor receives in Australia does not mean that we are not interested in the welfare of the 182 million people who live in Indonesia's 26 other provinces.

The attention East Timor receives, internationally and in Australia, is a natural consequence of the territory's uniquely troubled history, beginning with its neglect under Portuguese rule.

We carry no brief for the Portuguese occupation of the territory, or for the manner of their leaving - or their recent diplomatic manoeuvres.

Australia's outlook has been shaped by the additional factors of our proximity to East Timor, the fraternal links we had with the people of East Timor during the Second World War, and the sizeable East Timorese community which now lives in Australia.

Australia made it clear that it did not condone the manner in which Indonesia acquired East Timor, but since 1979 we have accepted Indonesian sovereignty over the territory.

The Australian Government has made clear its views about the tragic events in Dili last November.

We consider the subsequent actions of the Indonesian Government, including President Soeharto's public statements and the measures announced by the Army Chief-of-Staff on 27 February, to constitute a credible response.

Our continuing concern is with what practical help we might be able to give to the people of East Timor.

Our aim as concerned outsiders is to assist where we can in measures for their welfare, and to support a process of reconciliation between them and the Indonesian authorities.

I am pleased that during this visit our two governments have been able to sign a memorandum covering an 11.5 million dollar Australian aid project to improve water supply and sanitation in parts of East Timor.

Ladies and gentlemen, in coming to terms with a more fluid political environment in Asia, Australia and Indonesia have ample scope to cooperate in helping shape the regional agenda.

Indonesia's regional credentials are very clear.

It is a leading member of the Association of South-East Asian Nations (ASEAN), which is a focus of wider dialogue and cooperation.

I should like to think that Australia, too, has demonstrated an ability to contribute usefully to regional diplomacy in recent years.

Our two countries have invested considerable effort in the long negotiations leading up to last October's comprehensive political settlement of the Cambodia conflict.

Our armed forces are now serving in Cambodia as part of the United Nations peace-keeping presence.

We have also worked closely together to encourage a regional dialogue on security issues, centred on the ASEAN PMC process.

Ladies and gentlemen, I said at the beginning of this address that it is remarkable what can be achieved when common interests are identified and pursued. And they will be pursued the harder if they are material common interests.



It is one of the happy coincidences of the history of our two nations that in recent years we have adopted economic strategies which greatly multiply our common interests.

We were both overly dependent on commodities. We have both sought to correct our external imbalances. We have both liberalised our economies.

Since coming to office in 1983, the Australian Government has removed exchange controls, floated the Australian dollar and made it a more competitive currency, deregulated banking and radically reduced import protection.

We have cut back the government sector and cut taxes. We are now encouraging an historic shift from industry-wide labour relations arrangements to workplace bargaining.

In the same period Indonesia has transformed its economy by implementing strikingly similar policies.

Banking has been deregulated and monetary policy changed so that it now relies on interest rates instead of credit restrictions.

Indonesia has cut protection against imports, increased manufacturing production and reduced dependence on commodities.

You too have cut back on government spending, rationalised taxes and created a competitive exchange rate.

Both our economies are now much more open and outward looking.

Both are more competitive and more diverse - I would venture to say, more creative.

I would also go so far as to say that what we have done has given our countries a better chance in the modern world.

Our own success might be seen in the growth of our economy by more than one third in the past decade, in the fact that we are exporting more, that our trade is increasingly with our regional neighbours, and the contents of exports now includes a significant proportion of services and manufactures, in addition to our traditional strengths in food, minerals and other raw materials.

Indonesia's success might be measured in those dramatic improvements in living standards I referred to earlier, and in average real GDP growth of about 6 per cent during the 1980s.

Ladies and gentlemen, this common strategy of creating liberal market-oriented economies produces, as I said, common interests.

Concrete common interests.

It has taken longer than it should have, but in recent years Australia and Indonesia have discovered each other commercially.

We have discovered that we have goods and services to exchange and investments to make.

Between 1989 and 1991 two-way trade increased by 66 per cent, to be worth approximately 2.4 billion Australian dollars.

Australian investment in Indonesia has increased markedly. Indonesian companies are now also starting to invest in Australia.

The trade in services is also growing - in tourism, education, medicine, and support industries for the major mining ventures.

There are many other areas in which Australian expertise should be able to find niches in Indonesia. Pleasing as the trend of recent years has been, we know that we have the potential to play a much bigger part.

We have much to offer in the way of raw materials, capital equipment and technology.

Australia's experience in coping with similar climates, extensive coastlines and long distances has produced technology and solutions well-suited to Indonesia - often much better suited than the products of, say, Japan, Germany or the United States.

Our experience and expertise in many other other areas is second to none in the world - in forest management, solar technology, food processing and coal-fired power stations for instance.

We can assist as exporters, but just as readily as joint venture partners.

I'm confident that we will find the larger role we seek.

As both countries expand along this liberal economic path we can expect the trade to grow. We can expect the range of shared interests to grow.

We can expect, I believe, a much more productive and durable relationship between our two countries.

Ladies and gentlemen, in recent public statements in Australia, I have emphasised the need for us to come to terms with the economic vitality of the Asia-Pacific region.

Our external policy reflects the interest we share with you in maintaining a sound multilateral system for international trade.