



PRIME MINISTER

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PEOPLE'S REPRESENTATIVES OF THE REPUBLIC OF INDONESIA

I am delighted to be here in Indonesia, at the invitation of President Soeharto, during my first year of office as Prime Minister of Australia.

I am grateful for the honour you have extended to me, and through me to the Australian Government and people, by your invitation to address you this morning. I am especially grateful as I believe that you have opened your present sitting early to allow me to do so.

I am pleased to have the opportunity, in addition to my important discussions with the President and other Government leaders, to meet with other representatives of the Indonesian people.

Let me say to you at the outset that it is a fundamental foreign policy objective of the Australian Government to consolidate, to strengthen, and to develop further in the years ahead, a close, cordial and cooperative relationship between Australian and Indonesia. I personally place the highest importance on a stable and soundly based friendship between our two countries. Let me stress too that this basic objective, has, I believe, the strong support of the overwhelming majority of the Australian people.

As a nation of 130 million people, with a rich cultural background and vast natural resources, strategically placed between the Indian and the Pacific Oceans, Indonesia is an important nation in global terms.

We are neighbours by virtue of geography. But the quality of that relationship is the result of a commitment on both our parts to foster that well-established and mature relationship which has grown up - a relationship which can contribute much to a peaceful and stable South East Asian region.

Our two countries are very different in culture and history. Australia is a relatively developed continent of European origin and cultural traditions. Your country is a developing island chain with its own deeply rooted culture. These very differences between our two societies make possible rich and mutually valuable relationships.

Despite the obvious differences in our two countries we have a number of interests in common. We both have fundamental interests in maintaining the independence and territorial integrity of our countries. We both seek to advance the prosperity and further development of our countries to encourage conditions in which our people can build a decent life for themselves and their children. Both Australia and Indonesia share an important interest in stability in South East Asia. We both wish to keep great power competition out of the region; or at least to ensure that if there is competition it is limited to peaceful competition. We both have an important interest in a world economic environment which provides opportunities for all nations to develop their trade and grow in prosperity.

A stable and prosperous Indonesia and a stable and prosperous Australia can make a major contribution to the stability and prosperity of the region as a whole.

The recorded history of our contacts goes back for a long time, although it must be said that for large parts of this period, we remained rather remote neighbours. Your early seamen knew of Australia when it was still a mythical land to the Europeans and the explorer Matthew Flinders exchanged friendly greetings with a party of Makassar men voyaging in search of trade in 1802.

The events of the Second World War served to bring home to Australians the importance of Indonesia as our closest neighbour. In July 1947 Australia de facto recognised the Republican Government of Indonesia. The Australian Foreign Minister at that time, Dr Evatt, worked to mobilise international opinion on behalf of Indonesia. The conditions were established for a transfer of sovereignty from the Dutch to the Republic of Indonesia on 27 December 1949. Australia recognised the new state on the same day. In a message of congratulations the Australian Prime Minister, Sir Robert Menzies, stated that as a new neighbour Australia had a deep and constant interest in the well-being and prosperity of Indonesia and looked forward to the most intimate and friendly relations with the new state.

From these historical roots, Australians and Indonesians have grown to know one another with tolerance and understanding. Some 2,800 Indonesian students have studied in Australian universities and colleges, with the help of Australian Government scholarships provided under the Colombo Plan. During the last ten years, a further 2,000 private students came to Australia. They have learnt to know us well and we have learnt about your country from them. I hope they have also learnt to become good engineers, and teachers and doctors. Almost 900, including private students, are with us at the present time.

With the growing awareness in Australia that our progress is linked with the progress of our neighbours, the South East Asian region has become a focus of Australia's international cultural interests. Of the 11 cultural agreements which

Australia has signed, four are with South East Asian countries--Indonesia, Singapore, Malaysia and Thailand.

As you will know I have recently visited Japan and China. These are two major powers to which Australia continues to attach importance. During my visit to Japan I was seeking ways to broaden further our relationship beyond our mutual economic interests and to develop a deeper understanding between Australia and Japan.

On my visit to China I was seeking to expand communication and understanding between Australia and China after a generation of lost contact and suspicion. I also wanted to explore with Chinese leaders their attitude to South East Asia because it is my belief that it is in everybody's interests if China can be encouraged to widen its cooperation and its relations with the Governments of South East Asia.

In our relations with Indonesia there has been no generation of lost contact to bridge as there has been with China. With Indonesia there has been no tendency towards excessive emphasis on our economic links.

Our objective in respect of Indonesia is to cement the close relationship and the understanding which already exists after three decades of patient effort on both sides.

The understanding which we both seek, and the close cooperative relationship of mutual confidence we both want, will not just develop because geographically we are neighbours. We both need to work towards an irreversible relationship of soundly-based mutual understanding and friendship.

The development of relationships and contacts in general in the areas that I have mentioned has not been without its problems. This was to be expected, given the differences in our history and our social and cultural backgrounds. But our shared interests and the will that exists in both countries to overcome these problems has enabled us to settle issues, when they have arisen, and to concentrate on improving our understanding of each other.

So far as the Timor question is concerned, I do not wish to retrace the history of that issue now. The Foreign Minister has fully and clearly set out our viewpoint on a number of occasions. All I need to say is that we recognise that it is a complex question, greatly complicated by the rapid changes in Portugal and the breakdown in that country's control and administration of East Timor.

The important thing now is to look to the future, and to alleviate, so far as possible, the human suffering which came with the fighting and associated disruption in the territory. Australia has already indicated that it is prepared to help with this humanitarian task. We have already made over A\$80,000 available through the Indonesian Red Cross and a further A\$250,000 will be made available as required.

Another aspect of the human suffering caused by the conflict has been the plight of refugees. Many came to Australia, often without their families. I am pleased that we have agreed that officials of our two countries will be meeting to discuss the question to see what should be done.

As I see it, my discussions with your President have provided us both with the opportunity to air our views and explain our policy positions openly and frankly. That we have been able to do so in such a way is the real test of the maturity of the relationship between Indonesia and Australia. I am confident that future generations will benefit from the steady development between our two countries of our enduring relationships of mutual understanding, respect and friendship. Australia and Indonesia share certain vital foreign policy objectives, especially the objective of a stable and secure South East Asian region, increasing in prosperity, and the objective of a widening network of contacts between our two countries. We have learned that we should not take each other for granted.

I would like to see my visit in the context of our close and cooperative relationship based on mutual respect and common interest in regional stability and progress.

I have read President Soeharto's address to this body on 17 August. In that address President Soeharto spoke of the sacrifices and the triumph of independence and of the enormous challenge of attaining the ideal of "a just and prosperous society, which by stages will provide progress and a just and equitable well-being" to all. He also spoke of this society as one in which all groups could work together in harmony and with mutual respect, as part of one great national family. Your President pointed to the real achievements which have already been made in rural development, in communications, in education, in health, in family welfare. These achievements have provided a solid base for future development.

I noted in your President's speech that Indonesia looks to the generation of sufficient domestic resources to enable a significant reduction in the role of foreign economic assistance in the future.

We appreciate your aim ultimately to support your development from your own resources. Until you feel that that time has arrived, Australia as a friend and neighbour is certainly willing to support your efforts through continuing economic assistance.

Our assistance to Indonesia has a high priority in the allocation of development assistance resources. You will know that despite continuing pressures on Australia's financial resources, we have been able to increase development assistance to Indonesia over the three year period which commenced last June to A\$86 million. This is an increase of nearly 25 percent on the A\$69 million pledged for the three year period which ended last June.

We appreciate Indonesia's wish to invest in development without placing too heavy a burden of debt on future generations. For our part, Australian assistance to Indonesia is all in grant form.

The transfer of capital, technology and expertise between Australia and Indonesia occurs not only at the official level, but is also promoted by private investment. The Indonesian Government has approved 46 Australian proposals for joint ventures which together represent a joint commitment of some A\$156 million. I am happy to see that most of these are working on a joint venture basis in cooperation with an Indonesian partner in sectors which are important to Indonesia's economic development. In our own development we have made it clear to investors in other countries that joint ventures are particularly welcome.

Economic cooperation between our two countries has also grown in the area of commodity trade. We are both major exporters of commodities and this is a subject on which we might usefully exchange views more fully in the future than we have in the past. The Australian economy, like Indonesia's, relies to a large extent on the export of certain raw materials and we have a common interest in stable world markets and appropriate prices for these commodities.

Trade is increasing between our two countries although there are areas in which each side may need to exercise measures of regulation to safeguard domestic interests and employment. In the field of communications, our contacts will, I hope, continue to develop.

I am pleased that our two airlines, Qantas and Garuda, have just agreed to raise to six the number of flights each airline operates each week between our two countries. A year ago, there were only eight frequencies operated by Qantas and Garuda. Now there are already twelve.

Another of our joint concerns is for the peace and security of the South East Asian region of which we are both a part. Defence cooperation with Indonesia has now a considerable history and dates back for more than a decade. Our interests have been to strengthen and broaden ties between our two countries and the programme of cooperation has progressively developed since the first three year programme.

This programme was given a major impetus when I was Minister for Defence in 1969. In that time, the Australian Government approved a range of detailed proposals to expand our defence cooperation with Indonesia.

The new proposals included not only a wide variety of training but also exchange visits of service officers, staff colleges and naval vessels, and notably the Indonesian request for assistance in the mapping of West Kalimantan - the first large project which Australia undertook in Indonesia, and one which led to subsequent mapping projects covering Sumatra and Irian Jaya.

The previous Australian Government undertook to establish a second three year programme. This is now being undertaken by my Government with a budget of A\$25 million. The main thrust of this new programme is to assist Indonesia in increasing its maritime surveillance capability. It is a programme which is in our continuing joint interests.

I have said enough, I am sure, to leave you in no doubt about the importance of the Australia/Indonesia relationship, and the desire of my Government to expand and enhance that relationship.

My Government bases its fundamental approach to relations with Indonesia on the fact that it is essential for both nations to maintain a close cooperative and solidly based relationship with each other.

Indeed, the need to sustain and cultivate such a relationship has become, after three decades, what might be described, as a constant factor in our foreign policy. This need is unlikely to diminish with the years, nor is it likely to be denied by any political party in Australia. My Government regards it as one of the most important and substantial strands in the whole complex web of Australia's foreign relations.

Indonesia has an important strategic position between the Indian and the Pacific Oceans. The Malacca and the Sunda Straits, are major international waterways. These links between the Oceans are of great significance to Indonesia, and they are also of great significance to many other countries. We believe it is important that adequate passage rights should be guaranteed through these waterways. The reassurances your Government has given us on this point have made it possible for us to support the Indonesian "archipelagic concept" during the recent Law of the Sea Conference.

South East Asia, because of proximity and historical associations has long been an area of close Australian concern and involvement. Because of this strategic significance, it is of great concern to many nations. It is in both our interests that South East Asia should not become in the future an area of great power rivalry, that relations between states should be peaceful and cooperative, and that political change in South East Asia should not provide occasions for the assertion of a dominant role in South East Asia by any country.

The ASEAN proposals for a zone of peace, freedom and neutrality were born out of a desire to avert the possibility that South East Asia might become an area of great power rivalry. The proposals aimed to create conditions in which the countries of the region can achieve peaceful development, regional harmony and stability. We strongly support the basic objective of the region to prevent its domination by any major power.

Australia's policy in the South East Asian region will be guided by responsible and responsive approach to the region. By responsible I mean the Australian Government will take account of the interests of the countries of South East Asia

in formulating policies which might affect its neighbours. By responsive I mean that we shall be sensitive to the developmental and other needs of the countries of ASEAN in their efforts to consolidate regional stability.

From Australia's perspective, the creation of ASEAN - an organisation which has grown out of the South East Asian region itself, in response to its own needs and experience - has been one of the most important developments in South East Asia to occur in the last decade.

In a relatively short time, ASEAN has shown its vitality. ASEAN has demonstrated the political will to forge further economic, social and cultural links among its members, and at this year's Bali conference, the framework was established which will give firm support to ASEAN's aspirations.

ASEAN undoubtedly has a capacity to develop and make its own contribution to the stability of the South East Asian region as a whole.

The changes that have taken place in South East Asia have inevitably brought a period of uncertainty and anxiety. Australia would hope that the emergence of new tensions and division in South East Asia can be avoided. For this reason, we welcomed the constructive and forthcoming way in which the members of ASEAN showed their readiness to establish friendly relations with the new Governments of Vietnam, Laos, and Cambodia last year. We, for our part, have contributed aid to recovery in this area. We have however been disappointed at the lack of understanding certain Indo-China states have of ASEAN's basic objectives.

We would like to see the three countries of Indo-China drawn into a peaceful and cooperative role in our part of the world. Australia will seek to play a constructive role in the reduction of tensions and the resolution of disputes should they occur.

The South Pacific region, which borders on South East Asia, is also of major importance to Australia. We are glad to see that the process of decolonisation in much of the area is now well advanced. We hope that this process will continue and be accompanied by moves towards closer cooperation between the peoples who inhabit the region. In order to play our part in assisting the countries and territories of the South Pacific progress in their economic development, my Government has increased its aid to them.

The new nation of Papua New Guinea occupies an extensive place in our relations with this part of the world and in Papua New Guinea, Indonesia and Australia have a mutual neighbour.

My own Government attaches great importance to assisting Papua New Guinea in the process of nation building. Indonesia's strong support for Papua New Guinea's independence and national unity closely accords with our own attitude. We welcome too the cooperation which has developed between you and your common neighbour, both before and especially since Papua New Guinea attained its independence.

The future peaceful development and security of our region will inevitably be affected by the state of global relations between the superpowers. It is important that there should be a relaxation of tensions among the great powers. Unfortunately great power rivalry is still an element in world politics, and any shift in the global balance could have far reaching implications.

There has been a widespread concern, expressed by a number of countries including the U.S. and all other NATO Powers that in recent years some nations have built up their military capabilities beyond uses justified for defensive purposes. It is clear that some of the military activities in the Indian Ocean are part of this emerging pattern.

As a result, and while the proposal for a neutral zone in the Indian Ocean is a noble ideal, the reality is that it has little chance of success when viewed against the shift in the strategic balance in the North West sector of the Ocean.

It would certainly not be in Australia's interests to see an uncontrolled build-up of naval forces in this region, and what we advocate is a policy of balance and restraint - the achievement of a balance at the lowest practical force levels.

It is in this context that my Government has supported the expansion by the United States of Diego Garcia as a naval facility.

In this way, we would hope to contribute to restoring the balance in the Indian Ocean.

There are many complex economic problems that face today our countries domestically and internationally. Amongst these problems the major one is inflation.

I know that Indonesia has in the past had to grapple with inflation on a great scale. Although the policies followed by your Government under President Soeharto's leadership have reduced your rate of inflation dramatically, I am aware that the difficulty is not yet fully overcome. In Australia we have been suffering from the same problem.

The eradication of inflation is one of the most urgent, if not the most urgent, tasks of my own Government. Internationally and domestically, inflation has had the same effects. As business confidence and conditions deteriorated world trade declined and the economic recession slowly worsened.

The effects have been bad enough in Australia but in certain respects they were more keenly felt in the more vulnerable economies of the developing world.

The fall of commodity trade and prices of commodities reacted upon exporters of commodities in developing countries as well as those in developed countries such as Australia. Investment projects in all countries were held back or deferred because of the decline in business conditions and in confidence for the future.

The extent to which our concerns are shared in this field are reflected in our common membership of certain international organisations. We are both members of organisations such as the International Bauxite Association (I.B.A.), the International Tin Council (I.T.C.), and the Association of Copper Producing Countries (C.I.P.E.C.).

Australia has long supported the idea of commodity agreements which could contribute to greater stability in international commodity trade. We recognise the need for improvement in the conditions of world commodity trade, and have been disappointed with past efforts of the international community in this direction.

Today, there is a call for a changed international economic system. We believe that there has not been sufficient analysis of the effects that some contemplated changes to the system might have. There is a need to understand that the system is one thing, national policies another. We might find, on closer analysis, that the problem really lies with national policies rather than the system. If so, our conclusion must be that it is policies which require to be changed, not the international economic system itself.

The kind of analysis I am talking about is of enormous importance because we must avoid the danger of raising hopes and expectations which cannot be fulfilled. If people believe that all problems can be solved by a simple change to the system, the failure of such an approach may lead to frustration and disillusion.

We believe that the essential elements of the present economic system continue to hold the greatest hope for economic progress.

The Australian Government supports changes in economic policies affecting the international economic system, which are both practical and viable, which serve the interdependent interests of both the developed, and the developing, nations.

In our view, fundamental change of the system may not always produce the desired results. The problems faced by the contemporary international economic system, are not basically caused by the system itself, but by some of the policies nations pursue within the system. It is these policies which should be changed, not the system itself. It seems to us that the first and foremost economic task is to secure a return to stable growth in real world output and employment.

In this way, developing countries will directly benefit from the upturn in world economic activity - both as a result of an increase in trade and economic activity - as well as in the improved ability of the developed countries to provide development assistance.

We hope to see a cooperative approach to efforts to improve the international economic situation and to fulfil the aspirations of the developing countries. Your Government and mine are both pledged to participate fully in the international negotiations and discussions to this end.

In conclusion, I would like to express my appreciation for your invitation to me to address the House of People's Representatives today. I have greatly appreciated the generosity of the hospitality we have received, and for the opportunity to establish on this visit, a warm personal relationship with your President.

President Soeharto and I have covered a very broad range of subjects in our discussion. Our talks have been valuable and very successful. They have affirmed once again, the strength of the friendship and understanding which exists between Australia and Indonesia.

I look forward to being able to repay President Soeharto's hospitality in Australia, and continuing the relationship which has been established. I believe it will contribute to the lasting friendship Australia has with your country.

Thank you for your courtesy today.

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