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PRIME MINISTER

EMBARGOED UNTIL 9.00 P.M.

CHECK AGAINST DELIVERY

SPEECH BY THE PRIME MINISTER, DINNER IN HONOUR OF
DR MAHATHIR, PRIME MINISTER OF MALAYSIA
PARLIAMENT HOUSE - CANBERRA - 9 AUGUST 1984

Dr Mahathir, Dr Seri Hasmah, distinguished guests, ladies and gentlemen.

It gives me very particular pleasure to welcome you all here tonight.

I recall with special feeling my own visit to Malaysia in February this year. The warmth, hospitality and understanding accorded me by you, Dr Mahathir, was of a kind extended only as between friends. It laid a great deal for the friendship and respect which marks the relations between our two countries and guaranteed both the success of that visit and a sound foundation for the continued development of close ties between Australia and Malaysia.

Your visit here, Prime Minister, now affords us the opportunity to build on that base and to give shape to a future in which we can, in a spirit of mutual co-operation, secure the conditions necessary for regional peace and security.

We can also, from that base, consolidate the already very close links that exist between our two great countries.

Prime Minister,

It would be easy for me now to stress the closeness of our historical links - the ways in which both our countries have successfully co-operated in the past. These links of course exist and we value them. But at the same time as drawing on the experience of the past, the principle concern for both Australia and Malaysia should be with the present, and the future.

Prime Minister,

My Government's starting point in its international relations is that Australia is an integral part of the Asia-Pacific region - not only geographically but economically and politically. My Government is intent on coming to grips with the consequences of this reality.

We are moving systematically and deliberately to put into place the type of policies necessary to secure an effective and productive integration of Australian interests with those of our regional neighbours.

It goes without saying that our Government will not be deflected from this course by racist attitudes of the kind recently expressed by a small and unrepresentative minority in Australia.

Both Malaysia and Australia recognise the economic dynamism of this region and the opportunities it presents. The Japanese economy is undergoing continued industrial transformation at the frontier of technology; an increasingly outward looking China is achieving impressive early success with its modernisation plans; and continued growth at spectacular rates is being achieved in the Republic of Korea and several of the ASEAN nations including Malaysia.

These developments have had a profound impact on trade and economic relations between all countries of the region and between the region and the world at large. The strong growth consistently achieved by the countries of the region has ensured the Asia-Pacific area a vital role in the maintenance of global economic prosperity.

As you yourself, Prime Minister, recently observed, it is for the countries of this region "to seek out new frontiers ... and to promote sustained growth since the old established industrial nations can no longer be relied upon exclusively to provide the engine of growth in world trade".

In this regard it is disappointing that the two-way trade between Australia and Malaysia has grown only slowly over the last five years by comparison with the growth throughout the 1970's. This is despite the fact that in the past three years we have seen six Malaysian Trade Missions visit Australia, two major trade displays, six technical and marketing seminars, four investment missions to Australia, and three visits to Malaysia by groups of senior Australian businessmen. Australia will continue supporting such trade promotion measures.

Prime Minister,

I am aware that Malaysia's trade imbalance with Australia has been one of its largest bilateral deficits and that Malaysia is anxious to redress the imbalance.

My own view is that if the multilateral trading system is working effectively there will inevitably be some deficits in some bilateral trading relationships. In itself, this should not be regarded as a cause for particular concern. There would, however, be valid grounds for concern when the imbalance arises out of artificial restrictions on trade. In the latter circumstances the objective should be the removal, within a manageable time-frame, of such restrictions.

Prime Minister,

You would doubtless be encouraged that the 1983/84 provisional figures show a significant decrease in the trade imbalance in 1983/84 - a drop from \$265.5 million in 1982/83 to only \$212.1 million this year. While doubtless some measure of imbalance is likely to persist, the steps we have taken to redress the imbalance have had some effect.

These steps include the Australian system of tariff preferences, the Australia/Asean Trade and Investment Promotion Program, the Early Warning System on Australia's industries assistance process, and the gradual liberalisation of access to Australia's textile, clothing, footwear and timber product markets. Australia, for its part, will continue to refine and develop measures such as these so as to ensure steady growth in the two-way trade between our two countries.

Prime Minister,

Our countries have tremendous human and natural resources. The challenge to both our countries is to capitalise on the opportunities which our location and resource endowments provide.

The results are likely to be most satisfying if the approach adopted is one of co-operative endeavour between all countries of the region.

In this regard the recent agreement by ASEAN and its five regional dialogue partners, including Australia, to embark on a new Pacific Economic Co-operative venture, initially through the launching of a full-scale human resources development program, must stand as a landmark decision. It offers a basis on which we can enhance present patterns of co-operation and ensure the achievement of an ever-growing number of circles of common endeavour.

It was this spirit which motivated my proposal in Bangkok last November that, in the light of suggestions of a new multilateral trade round, the countries of the region should identify interests they shared in such a round and consider how most effectively they might secure attention to those interests. The success of the subsequent Denpasar meeting and of the consultations that have ensued has been most encouraging.

Indeed, the pattern of contact established on those trade issues is something I believe we should be encouraging still further, not simply on trade and economic matters, but across the full range of areas in which the countries of this region have shared interests.

A relatively simple but critically important element in this involves the need to promote more extensive person-to-person contacts between our two peoples at both official and non-official levels. A notably large number of Australian sponsored visit programs already exist. I nevertheless believe that a more flexible approach to the administration of these Australian schemes might contribute to a more productive pattern of contact between Australia and countries of the region. With this aim in mind, a review of Australia's present sponsored visit schemes is to be undertaken.

On some matters, there will, however, obviously be a need for more concerted approaches. One such area of particular importance to Australia's relations with Malaysia is that of trade and economic policy. I believe the time has come when we should formalise the many contacts we have on these issues and have therefore suggested the establishment of an Australia/Malaysia Joint Trade Committee. Such a development will be an important extension of the already close relationship between our two countries. Your in principle support Dr Mahathir, for this proposal has been greatly appreciated.

Contacts of this kind will, however, only be productive if they take place within a framework of adequate policy approaches at the national level.

For Australia this means pursuing internationally conditions conducive to an open international trade environment. At the domestic level, it means ensuring dedication of our resources to those activities in which Australians are most productive.

The multilateral liberalisation of trade and the creation domestically of conditions conducive to such a regime are fundamental to the attainment and maintenance of both national and international economic growth and prosperity.

Hence the emphasis we are now giving in Australia to the need for a sound approach to the restructuring of Australia's industrial base. We regard it as axiomatic that if we are to raise Australian living standards, to provide full employment for our people, and to enter into full and effective partnership with the countries of the region, then we must raise productivity and improve our international competitiveness.

This we are now seeking to do. Through a combination of domestic economic policies which are restoring Australia to a non-inflationary growth path, and, through carefully co-ordinated sectoral restructuring initiatives of the kind we have already undertaken in the motor vehicle and steel industries, we are seeking to establish Australia as a competitive, outward-looking and responsible participant in the international economic scene.

The reforms we are undertaking in the Australian financial system are an essential component of our policies for improving our industrial structure and for promoting long-term growth.

Together these measures reflect a keen appreciation of the economic and trading realities of the contemporary world and a determination to take full advantage of Australia's abilities and potential.

Prime Minister,

Following your Government's initiative, and at its specific request, I am pleased to tell you that, assuming all major producers within the region are prepared to do likewise, Australia is ready to make a cash contribution to the buffer stock of the Sixth International Tin Agreement. This would total 3.2 million English pounds, representing half of the Australian contribution otherwise made in the form of tin metal at the commencement of the Agreement.

I welcome the initiatives already taken by Malaysia in this area and would hope that Malaysia, as the world's largest tin producer, will continue to pursue efforts aimed at securing the early restoration of stability and growth in the industry.

Prime Minister,

Australia aims to be a contributor as well as beneficiary of economic progress within our own region. This can only be to the benefit of countries such as Malaysia which are so particularly well placed to capitalise on the opportunities being created.

It will also see Australia bidding competitively for major projects within the region. The recent acceptance by the Malaysian Government of Leighton's bid for the Telok Intan Hospital project was greatly appreciated here in Australia and will I hope be but a forerunner of a new type of involvement of Australian companies with the development of the region.

This is not to gainsay the quality and continuing significance for both our countries of well-established patterns of co-operation.

Prime Minister,

I know the importance you attach to the continued provision of places at Australian education institutions for Malaysian students. I can assure you that Australia, to the extent it is able, intends continuing to develop its role as a source of educational services to the countries of the region. This we see as a positive and firm foundation to good relations and to our mutual understanding.

Prime Minister,

Defence co-operation has been another area of importance to both our countries. My Government's continued commitment to our Australian presence at Butterworth underlines the importance we continue to attach to our shared defence interests.

Indeed the manner in which we were able early this year so quickly and effectively to agree on a mutually acceptable formula for the maintenance of the Australian presence at Butterworth was suggestive of a new order of confidence between Australia and Malaysia.

It is my sincerest hope, Prime Minister, that, following your present visit, in the company of so many Ministers, officials and senior businessmen, the grounds for that enhanced confidence will be still further strengthened. The people of both our countries, and of the wider Asia-Pacific region, have a strong interest in this successful outcome.
