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PRIME MINISTER

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**SPEECH BY THE PRIME MINISTER
LAUNCH OF THE ASIA-AUSTRALIA INSTITUTE
SYDNEY - 19 OCTOBER 1990**

Justice Gordon Samuels, Chancellor of the University of
New South Wales
Professor Michael Birt, Vice-Chancellor
Mr Fred Millar, Chairman of the UNSW Foundation
Professor Stephen Fitzgerald
Senator Robert Hill
Ladies & Gentlemen

Let me begin this speech about Asia, and about this very
welcome new Asia-Australia Institute, by reflecting first on
developments on the other side of the globe.

Just two weeks ago, the world celebrated the unification of
Germany, and the remaking both of the map of Europe, and,
with it, of the post-war international order.

Earlier this week, we received the news that President
Gorbachev has been awarded the Nobel Peace Prize.

Those remarkable events, which seemed until very recently
unthinkable, impossible, paradoxical even, are dramatic
reminders of how quickly the world is changing.

Australians of course share unreservedly in the celebrations
of these events - the emergence of President Gorbachev's
policies of glasnost and perestroika, the dismantling of the
Berlin Wall, the democratisation of much of Eastern Europe,
the fading of rigid ideological divisions, the reduction of
the superpowers' nuclear arsenals, the dramatic draw-down in
conventional forces in Europe. The nightmare of a global
nuclear holocaust is passing - and for that we can all be
profoundly thankful.

But no-one, and certainly no-one in Australia, can afford to
be complacent about the international order that is emerging
to replace the rigidities of the Cold War era.

- . Saddam Hussein's invasion of Kuwait is a sobering reminder that large armies and power-hungry governments can still threaten the common good;
- . The struggle to achieve a worthwhile outcome to the Uruguay Round of trade negotiations is far from over, and the consequences for Australia and the world at large of the failure of those negotiations, and a drift to greater protectionism, or to rigid regional trading blocs, would be catastrophic;
- . We have not reached the point where we can say with confidence that the international community has the will decisively to resolve new global issues, notably the protection of the environment;
- . And, of course, old issues ranging from poverty to abuses of human rights in the world have not disappeared from the world scene.

So it is important to remember that the world now being created will not necessarily be a more comfortable one for Australia. It will certainly be no less competitive. It will, more than ever, be a world in which Australia has to work hard to advance our interests, and speak clearly and forcefully to make our views known.

The task quite fundamentally, will be to ensure, so far as we can, that the new international order is shaped in ways which serve Australia's needs and interests.

Of course, Australia is a middle-sized country which has only limited leverage when dealing with large powers and with matters remote from our region. But we should never underestimate the extent to which active and imaginative Australian policy formulation and diplomacy can influence the deliberations of the world's councils.

That is why Australia continues to commit heavy resources of time and effort to the hard, grinding, work of multilateral diplomacy - through the United Nations, of course, which is undergoing a very heartening revival as an effective instrument of global will; through forums of disarmament where we have pressed ahead with the tough but essential negotiations to ban chemical weapons; through the Antarctic Treaty where we are working with France to bring about a total and effective ban on mining there.

And, where no institution has existed in which our interests in a certain field can be advanced, we have helped fashion one to meet our specific needs.

We have taken the lead in creating the Cairns Group to take up the cudgels for liberalised agricultural trade in the Uruguay Round and - of special significance to our immediate region - we have taken the lead in the establishment of a framework for peace in Cambodia and in the establishment of the new forum for Asia Pacific Economic Cooperation.

Our success in all these initiatives underlines the importance to Australia of a stable and peaceful world order. By the same token, our interests are heavily tied up with an international system in which blatant breaches of international law are met by collective action by the international community as a whole.

This of course was a major reason why my Government decided to participate in the multinational naval task force in the Gulf. We were acutely conscious that Iraq's brutal invasion of Kuwait has provided the first major test - a severe test - of the international community's response to aggression in the post-Cold war period.

So events in Europe, the Middle East, North America and elsewhere do affect this country's interests in powerful ways, and my Government has not, and will not, ignore them. But the area of the world in which Australia will have the largest interest, and the greatest chance of influencing outcomes, will be this one - the Asia-Pacific region.

Ladies and Gentlemen,

There is perhaps no achievement of this Government since 1983 of which I am prouder - and none, I am convinced, which will have a longer-term or more beneficial influence on this country - than the way in which we have worked steadily and consciously to build up a framework to enmesh Australia more thoroughly into the Asian region.

And when I chose that word enmesh I meant it. Our policy concept was not captured by weasel words about developing relations with the region, enhancing our contacts and so on. I wanted policy to be driven by a commitment to the most intimate and irreversible tying of Australia into Asia and the Pacific.

The reason we have worked so hard to do this is obvious. The logic of both geography and economics directs Australia towards the dynamism and vitality of the Asian economies.

The region generates one-third of the world's trade, and more than half its economic output.

And it contains some of the fastest growing economies in the world. The success story of Japan and the tigers of Taiwan, Hong Kong and Singapore are well known. Following in their wake are the newly-industrialising countries of Southeast Asia with astounding levels of growth in recent years. Thailand, for example, has posted consistent annual growth rates of around 11 per cent; Malaysia and Indonesia have not been far behind.

Such events challenge Australia in a way, and to an extent, that we have never been challenged before. So we must make sure we play a part in the continuing dynamism of the region - a dynamism that is lifting living standards through the region and that will, ultimately, alter the balance of economic and political power throughout the globe.

So the policies we have adopted since 1983 have gone far beyond those weasel words, the simple rhetoric of the past, to achieve fundamental policy adjustments - fundamental changes to the central areas of our national economic, social, cultural and educational life.

Several important milestones have marked this process.

First, and most importantly, has been the series of decisions my Government has taken to make the Australian economy truly competitive internationally. So long as Australia remained an isolated economic fortress, inward-looking and slumbering, we were cut off forever from full participation in the great shifts going on around us.

So the floating of the Australian dollar, deregulation of our financial markets, the liberalisation of foreign investment policy and the reduction of levels of tariff protection to manufacturing industries by one third, have all been critical to the process of making Australia more relevant to Asia, and a closer part of it.

A second important milestone came in 1988, when I commissioned from Ross Garnaut the report "Australia and the Northeast Asian Ascendancy" which he delivered to the Government almost a year ago. I wanted the report to provide a stimulus for Government and community discussion about Australia's place in the region, and about how we might best go about realising our country's almost unbounded economic potential.

Ross Garnaut's report did just this, providing the most comprehensive review ever undertaken of Australia's relations with Northeast Asia, and outlining in great detail the adjustments required if Australia was truly to become enmeshed with the region. The Government has already implemented many of the Garnaut recommendations and is pressing ahead with a number of others.

A third milestone came, of course, with the Asia-Pacific Economic Cooperation process that I initiated in Seoul in January 1989. Since then, several APEC meetings have been held at ministerial and official level, and a detailed work program has been adopted to build on the areas of broad cooperation which have now been identified.

It is undoubtedly true to say that the success of the APEC process in identifying and advancing the common economic interests of the countries of our region is now widely acknowledged.

Australia today is certainly a good example of regional economic enmeshment.

Eight of Australia's top 10 export markets in 1989-90 are in the Asia-Pacific region.

APEC members plus the so-called 'three Chinas' - the PRC, Taiwan and Hong Kong - take 68 per cent of Australia's exports and provide 66 per cent of our imports.

This significant economic enmeshment has been matched by unparalleled efforts to achieve a greater level of cultural enmeshment. We have sought to raise the level of knowledge and understanding of Asia in Australia, to reduce what Ross Garnaut called the sense of "otherness" between Australia and our regional neighbours.

In 1986 we established the Asian Studies Council, with the specific mission of strengthening Asian studies at every level of the Australian education system, and helping Australian industry become better integrated with economic development in the region.

I note here the very important role which the Director of the Asia-Australia Institute, Dr Stephen Fitzgerald, has played in the Asian Studies Council, and in the integration of Asian studies into the broader educational framework in Australia.

The work of the Asian Studies Council is complemented by our National Policy on Languages and by the establishment of the Languages Institute of Australia. Together these initiatives have alerted educators, employers and the community to the fact that the ability to communicate linguistically and culturally is crucial to the quality of Australia's strategic, cultural and economic relations in the region.

This work is now bearing fruit.

More than ever, Australian children now have opportunities to learn about the region. The number of Australian students studying Asian languages has almost doubled over the past seven years. Over the next three years we aim to increase by nearly 5,000 the number of places devoted to Asian languages or Asian studies in our tertiary institutions, and to give all secondary students access to the study of an Asian language by the year 2000.

I was particularly pleased, on my recent visit to Tokyo, to be able to state that there is a higher per capita number of students learning Japanese - at primary, secondary and tertiary levels - in Australia than in any other country outside Japan.

So taken together, these initiatives have thrust Australia more fully into the affairs of the Asia Pacific region than ever before. And as a result, Australia now stands at a high point of its constructive influence in the region.

Ladies and Gentlemen

None of this is to say that the relationship between Australia and Asia is purely the property of the public sector - or to say that fostering the relationship is purely the Government's responsibility. On the contrary, it simply can't be if we are to achieve the intimate, broad-ranging relationship with the region which our policy requires.

In the end, only a changed approach to Asia throughout the Australian community can deliver the full benefits which will flow from better understanding of the region, and enmeshment with it.

This means that all sectors - industry, the trade unions, the media, educational institutions - need to transform their attitudes to Asia.

I must say quite candidly that some sectors have met this challenge better than others. With a number of distinguished exceptions - some of them represented here today - there are still not enough Australian businesses prepared to invest in the nurturing of Asian expertise among their employees, or equipped to take on the Asian market. There are still not enough Australians willing to make the effort to learn an Asian language, or to understand an Asian culture.

It is notable, for example, that in 1989-90, Asian investment in Australia represented almost 21 per cent of our foreign investment total. But at the same time, Australian investment in Asia represented only 11 per cent of our total investment abroad.

In 1989, total merchandise trade with Indonesia, - our immediate neighbour with a market of 180 million people - represented only 1.5 per cent of Australia's total trade.

Only six Australian companies are represented on the ground in Korea, with its booming market of 50 million.

More than 97 per cent of Australian university and college graduates still complete their courses without a single unit focussed on Asia.

That is why I am delighted that the University of New South Wales has shown the imagination to commit its effort and resources to establish the Asia-Australia Institute.

I am pleased not just because it will benefit Australia but because it will also serve the wider needs of the region as a whole.

The Institute's mission - to develop an 'Asia consciousness' among all the countries of our region - is an ambitious and a worthy ideal. The Institute will provide a framework for the discussion of ideas and for the development of networks of personal relationships that span Asia.

Let me suggest to you some of the more important questions that await your consideration - questions whose answers can be elucidated by the Institute and, notably, through the proposed Asia Forum that will bring together regional leaders at the highest levels from inside and outside government.

- . How can a greater sense of regional identity be fostered among the disparate countries of Asia?
- . What sort of strategic framework do we want to see emerging in this part of the world?
- . How can China be encouraged back onto the path of economic and political liberalisation so that it can once more resume its full role as a member of the regional and world community?
- . As I discussed in Tokyo recently, what will be Japan's role as it begins, as it inevitably will, to match its economic power with new political influence?
- . Looking beyond a settlement in Cambodia, which this Government has worked so hard to achieve, how can the countries of Indo-china be integrated into the dynamic region around them?

There are no easy answers to any of these questions; but the University of New South Wales is a particularly appropriate place to undertake the quest for answers.

The University has a long and distinguished connection with Asia, including the highest number of students and alumni from the region of any Australian university. Its specialist work in Asian languages, its Contemporary Asia Centre, and its Japanese Economics Management Studies Centre, are all highly regarded and very relevant to this exercise.

Australia - enmeshed with the region, home to a vibrant multicultural society, and proud of its tradition of free debate and academic enquiry - provides an atmosphere of unparalleled relevance and stimulation to these efforts.

The Institute's aims are ambitious. That's as it should be. You have set yourself a job worth doing. You can be assured of my best wishes as you set out on your task.

I am delighted now to launch the Asia-Australia Institute.

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