



PRIME MINISTER

EMBARGOED AGAINST DELIVERY

PARLIAMENTARY STATEMENT ON INDONESIAN AND PAPUA NEW GUINEA VISIT, 7 MAY 1992

Mr Speaker,

I take this opportunity to provide the House with information and observations arising from my visit to Indonesia and PNG between 21 to 26 April.

I visited these two countries to emphasise the Government's determination to make Australia's place in the region more certain.

Indonesia and PNG are close and important neighbours.

Both have rapidly growing economies and hold great promise as destinations for Australian exports and investment. Both are vital to our regional security.

To a very considerable extent it is on what we do now in these and other countries of the region that the future of Australia depends.

In going to Indonesia it was my intention to demonstrate to the Indonesian Government and the Australian people that Indonesia is in the first rank of our priorities. It is in many ways the best test of our ability to do the things we must do in the wider region.

Indonesia naturally commands our attention.

It is the fourth most populous country in the world. It is a leading member of the Association of South-East Asian Nations (ASEAN) and a key player in regional affairs.

As our close northern neighbour, Indonesia has an important bearing on our security environment.

More than is commonly appreciated in Australia, we have benefited very directly from the achievements of President Soeharto's New Order Government over the past 25 years.

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

Over the last few years Indonesia's economic growth has averaged around 7 per cent. It is expected to be around 5 or 6 per cent until the end of the decade.

Through a sound policy of encouraging foreign investment, bureaucratic reform, financial deregulation, support for manufacturing and lifting of trade barriers, Indonesia has emerged as a dynamic and competitive economic force.

Political stability and economic advancement in Indonesia have not only led to dramatic improvements in the standard of living of the Indonesian people. They have also contributed to stability and prosperity in the wider South-East Asian region.

Australia gains from all this commercially.

In 1991, our two-way merchandise trade with Indonesia was worth \$2.4 billion. Exports to Indonesia were worth \$1.4 billion making it our tenth largest overseas market.

But just as importantly, our national security benefits from a benign environment in the region to our north where not so many years ago there was great uncertainty and volatility.

Mr Speaker

In describing the stake Australia has involved in cooperative relations with Indonesia, I readily acknowledge that our relationship with that country has sometimes been strained. Since 1975, East Timor has been a recurring and sometimes divisive issue.

My firm conviction is that the only realistic way for us to approach our relationship with Indonesia is to start from the assumption that, as neighbours, each side wants to deal with the other seriously and constructively.

We can build a worthwhile relationship if we work on the firm ground of shared interests and develop institutional links which consolidate our progress.

We must recognise continuing differences in our cultures and outlooks without allowing ourselves to be obsessed by them.

Mr Speaker, this was the basic approach I followed in Indonesia, both in discussions with President Soeharto and his Ministers, and in public statements.

The centre-piece of my program in Jakarta was a very cordial two-hour discussion with President Soeharto. He explained at length the aspirations of the Indonesian people in regard to their independence, their progress in nation-building, and his own concern to nurture stable political institutions.

In turn, I described the Government's commitment to lead Australia into whole-hearted engagement with Asia.

This led us to agree to look for ways to strengthen the institutional framework of the bilateral relationship, to reflect better its growing maturity and diversity, and to guarantee its overall resilience in times of difficulty in specific areas.

The President agreed to my proposal to establish a Ministerial Forum which will meet at least once every two years to review the bilateral relationship and set an agenda for cooperation, especially in economic areas.

The Forum will be co-chaired by the two Foreign Ministers and involve at least two economic Ministers from each side.

The President and I witnessed the signing of three bilateral agreements which add further shape to the formal framework of the relationship. They cover double taxation, fisheries cooperation and extradition.

The Indonesian Government agreed to conclude further bilateral agreements, covering investment protection and promotion, copyright, the delimitation of outstanding maritime boundaries, and mutual assistance on criminal matters.

My discussions with President Soeharto were complemented by very useful separate meetings with Foreign Minister Alatas, six economic Ministers - whom I met jointly - and Defence Minister Moerdani.

I was impressed by the calibre of the Ministers in the Indonesian Cabinet, and by their confident determination to continue the process of economic development and nation-building.

I made a point of thanking Foreign Minister Alatas for the friendly and creative relations that he and Senator Evans have cemented for our joint benefit.

With Defence Minister Moerdani, I repeated what I had said to President Soeharto about Australia's satisfaction with our bilateral defence relations with Indonesia, and our interest in expanding contacts such as high-level consultations, joint exercises, and training exchanges.

General Moerdani supported the current approach of proceeding step by step and expressed confidence that our defence relations would continue to grow.

During my visit I was also glad to have the opportunity to lend the Government's support to the activities of Australian business in Indonesia.

I opened offices for AOTC in Jakarta, the West Australian Government in Surabaya, and addressed an Indonesian and Australian business audience organised by the East Java Chamber of Commerce and Industry.

Mr Speaker

There has been some comment in the Australian media to the effect that, in my discussions with the Indonesian Government, I did not give sufficient weight to Australian concerns about East Timor and human rights issues.

Let me repeat what I said about this publicly in Jakarta.

While recognising the importance of the media in both countries, I believe it is not up to them but to the two Governments to set the agenda for the bilateral relationship.

The Indonesian Government responded positively to our putting first priority on the establishment of a basis for a long-term cooperative relationship.

Having established a constructive basis for dialogue, I took appropriate opportunities to raise with President Soeharto, Foreign Minister Alatas, and Defence Minister Moerdani, our concern about the killings in Dili last November and human rights in East Timor.

I registered firmly our view that the unhappy situation in East Timor detracts from Indonesia's otherwise impressive achievements, and said it is likely to continue to attract close public attention in Australia.

I repeated the Australian Government's view that the Indonesian Government's response to the Dili killings had been a credible one.

I underlined our continuing concern for the welfare of the East Timor people and emphasised three points:

- . the need for a more benign, and therefore constructive, approach by the armed forces.
- . the need for long-term reconciliation, taking account of the economic aspirations of the people of East Timor, and -
- . our concern about using the criminal code to deal with non-violent political protest.

I explained that our aim as concerned outsiders was not to challenge Indonesian sovereignty over East Timor, but to assist where we could in measures for the welfare of the people, and to support a process of reconciliation between them and the Indonesian authorities.

As a practical example of how Australia can help, a memorandum was signed during my visit providing for an 11.5 million dollar aid project to improve water supply and sanitation in parts of East Timor.

Mr Speaker

In advance of my visit to Indonesia, I had written to President Soeharto about the possibility of establishing a process of periodic Asia-Pacific heads-of-government meetings, preferably based on the APEC mechanism.

I was encouraged by President Soeharto's response. He endorsed the proposal and underlined the need for proceeding carefully, a view with which I entirely agree.

Since returning from Indonesia, I have received a letter from President Bush welcoming the proposal for periodic APEC heads-of-government meetings.

He encouraged Australia to promote the proposal in a way that takes account of separate moves to develop the institutionalisation of APEC.

The suggestion of periodic APEC heads-of-government meetings is not an initiative being pursued against a specific deadline. But it is intrinsically a worthwhile idea and is now finding its way on to the regional agenda.

Mr Speaker

A recurring issue in Australia's relations with South-East Asia is whether our free media is an obstacle in the path of constructive relations.

In fact, this issue arose at the end of an address to a large audience in Jakarta. I made a point of saying that I believed the Australian media - and a free press in general - need not be feared in Indonesia.

Indeed, rather than wish us to constrain our media from disseminating what they might regard as unfairly critical views, they should themselves take advantage of the opportunity always available in our media to respond to the criticism.

Mr Speaker

It may be of particular interest to Members that the heightened interest in Australian identity and nationhood has struck a positive chord in Indonesia.

It is not really surprising that a country like Indonesia, which had to fight so hard for its independence, should be interested in the emergence here of a more clear-cut view of Australian nationhood .

Let me emphasise that our purpose is not to ingratiate ourselves with Indonesia or any other nation, as some Members seem inclined to imply.

Australia's nationhood, its re-generated sense of identity and purpose, will be determined by Australians, on Australian terms and as suits us best as a people.

At the same time, there is no harm in observing that indications of a less equivocal sense of Australian nationhood actually help our foreign policy.

Mr Speaker

My visit to Indonesia achieved all its objectives.

It accelerated the building of a network of connections and institutional links: diplomatic, cultural and, above all, commercial links, which have given greater substance to the bilateral relationship.

I am satisfied I struck the right balance in underlining our commitment to a positive relationship with Indonesia, while firmly registering our views in areas of difference.

There is now a basis for the expansion of relations with our largest close neighbour, a key country in a region vital to our security and prosperity.

Mr Speaker

It was with great pleasure that I visited another close neighbour and important partner in the region, Papua New Guinea.

That the visit was occasioned by the commemoration of the heroism and sacrifice of Australian, Papuan, New Guinean and Allied servicemen in the most crucial battles of our history, made it a privilege.

It is a tragedy of our history that there are a great many places in the world where Australians died in battle and lie buried.

The stories of their gallantry are legion, and the monuments and rituals we have constructed to their memory ensure that we will not forget.

It is not surprising that the First World War which killed 60,000 young Australians, and the first great battle in which Australians took part, Gallipoli, should have come to dominate our national legend in this century.

Yet it is ironic that our knowledge and appreciation of the battles which were truly in defence of this country and the civilisation we had built here are less well known.

It is my earnest hope that the fiftieth anniversary commemoration of the terrible, yet ultimately triumphant, battles of the Kokoda Track, Milne Bay and other places in Papua New Guinea will re-awaken our regard for them, and in time fix them at the centre of our tradition.

It is certainly to be hoped that the story of the campaign in Papua New Guinea, and the story of the Battle for Australia in 1942, will become known to all Australians.

Mr Speaker

It was one of my great privileges to pay, on behalf of Australia, due homage to the Papuan and New Guinean war carriers whose assistance to our troops was arguably the greatest humane gesture in our history.

Arising from my discussions with Prime Minister Namaliu and my visit to Kokoda, I was happy to announce various steps the Australian Government will take to show our appreciation of past sacrifices for Australia and Papua New Guinea.

I offered Australian assistance to establish in the Waigani district of Port Moresby a memorial to commemorate the deeds of the PNG war carriers.

As I said in the House last week, I warmly welcome Prime Minister Namaliu's announcement that the Kokoda Trail and Kokoda village will be declared a national heritage area to preserve their historical significance.

While in Papua New Guinea, I announced that the Australian Government would be happy to help establish rest facilities for people walking along the Kokoda Trail, improve local welfare facilities at Kokoda, and improve the local war museum.

The cooperation between Australians and Papua New Guineans in defence of their countries left a profound friendship as its legacy.

That it endures was plain in the reception we received everywhere we went, and in discussions with the Prime Minister, Mr Namaliu and other officials.

Papua New Guinea's democracy remains vigorous.

Through a difficult period of structural adjustment, the economy has become more competitive and resilient.

Notwithstanding the effects of the Bougainville problem and falls in commodity prices, in 1991 real GDP grew by 9 per cent.

Driven by developments in the mining sector, that growth rate presages a resources boom which, if it is managed judiciously, promises to lay a sound basis for the country's economic future.

PNG has also become more outward looking.

Like Australia, it is working to make the most of the opportunities generated by growth in the Asia-Pacific region.

Without abandoning its ties with the South Pacific, it has developed new links with ASEAN.

It has consolidated a close relationship with our mutual neighbour, Indonesia.

Australia's economic relationship with PNG continues to expand.

Two-way trade last year reached a record 1.7 billion dollars, an increase of 48 per cent over the previous year.

Opportunities for our exports should rise as demand is generated by the anticipated resources boom.

The principal problem for PNG remains the one which its Prime Minister defined so precisely - without security, economic development cannot proceed, and without development, security cannot be guaranteed.

Mr Speaker, during my visit I reaffirmed Australia's commitment to security and defence cooperation with Papua New Guinea, as set out in the Agreed Statement on Security Cooperation of September 1991.

But more work needs to be done to ensure that this cooperation is fully effective. In particular, I stressed the need for Papua New Guinea to develop its own integrated and comprehensive plan of action on security force reform and resource allocation.

During my talks in Port Moresby I stressed the need for a peaceful solution, through dialogue and reconciliation, to the continuing problems of Bougainville.

I made it clear that Australia was willing to help with the reconstruction that will be needed on Bougainville.

At the same time I stressed the need for the PNG government to keep up regular supplies of humanitarian goods and channels of communication with Bougainvilleans, and, equally, our desire to facilitate such aid.

We can be confident, I believe, that the people of Papua New Guinea have the will and the capacity to meet the challenges which face them.

Australia stands ready to give what help it can on the path to greater stability and prosperity.

As partners in a changing world, a self-reliant PNG, and thus a PNG better placed to realise its aspirations and potential, will be in both our interests.

Mr Speaker, the world is undergoing profound changes - and nowhere is this more the case than in our own neighbourhood.

During the past decade the economies of North-East and South-East Asia have been expanding at approximately twice the world average.

They will continue to grow.

Through our strategic location and expanding links with the region, Australia stands to benefit greatly.

It will not happen without an effort. It will require imagination, initiative and persistence. It will require belief in ourselves.

It will require these things from governments, Federal and State. It will require them from business.

It will require them, I believe, at a truly national level.

By this, I mean that to seize the opportunities and assure our long-term security, without prejudice to our predominantly British and European origins and our continuing affections for those places, we must determine as a people to think of Australia as a place whose history is its own, whose traditions and values are its own, whose future is most definitely its own.

In going to Indonesia and Papua New Guinea I sought to strengthen our regional linkages, to open dialogues, and to help to lay the foundations for relationships which will enable us to contribute to and share in the fruits of regional growth.

I sought to demonstrate the importance Australia attaches to its growing integration with the Asia-Pacific region, and the importance we attach - and must attach - to increasing the breadth and depth of our understanding of those countries.

Mr Speaker

I do not think we should be surprised if we find that in coming to know our neighbours as never before, we come to know ourselves as never before.