



## PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP

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I am very pleased to be able to launch the Australia Today Indonesia '94 promotion. Prime Ministers are always pleased to open things.

But, for both political and national reasons, I think I am entitled to take an extra measure of pleasure today.

No country is more important to Australia than Indonesia

If we fail to get this relationship right, and nurture and develop it, the whole web of our foreign relations is incomplete.

When I became Prime Minister, I was determined that one of my highest priorities would be to ensure that Australia's relationship with Indonesia received the attention I believed it deserved.

We live adjacent to the fourth most populous country in the world.

Too few Australians understand the importance of this neighbour of ours - these 180 million neighbours of ours.

Too few understand the riches and variety of Indonesian culture.

And too few appreciate the pace of economic and social change taking place in Indonesia, where the economy has been growing in real terms at a rate of 6.7 percent a year since 1965.

For too long we were inclined to see both Indonesia itself, and our relationship with Indonesia, in almost exclusively political terms.

The Australian fear of Indonesia as an expansionist power, forged during the Sukarno era, persisted long after President Sukarno and his policies had gone.

And Australian ignorance of Indonesia continued long after we should have known better.

So I made a deliberate decision to make my first overseas visit as Prime Minister to Jakarta.

And I decided to state publicly there what all Australians need to understand: that the emergence of the New Order government of President Soeharto, and the stability and prosperity which his government has brought to the sprawling archipelago to our north, was the single most beneficial strategic development to have affected Australia and its region in the past thirty years.

An Indonesia mired in poverty, split by ethnic or regional tensions, and hostile to Australia, would have had incalculable consequences for this country.

And not just for our security but for our economic prosperity as well.

One of my aims during my visit in April 1992 was to examine ways in which our relationship could be broadened away from its concentration on political issues - on which we were sometimes at odds - to a much broader agenda of economic, social and cultural cooperation.

I was convinced then, as I still am, that as Indonesia developed, so the complementarities between us would grow.

Indonesia's economy has grown five and a half times since 1966.

And every year since then the income of each Indonesian has grown on average by four and a half percent.

The percentage of people living below the poverty line fell from forty percent in 1976 to around seventeen percent in 1987.

An economy heavily dependent on commodities, and particularly on oil, has been transformed, reformed and deregulated.

The industrial sector now accounts for 23 percent of GDP, more than agriculture.

There are parallels, of course, with Australia's experience over the past eleven years.

Our economy, too, has been modernised and opened up to the world through financial deregulation and tariff cuts.

Our exports have trebled and have grown as a percentage of our GDP from 13 percent to 20 percent.

Our manufacturing exports are growing rapidly and are now consistently stronger than the rural exports for which we are better known.

Services exports are also becoming an increasingly important element in our trade, growing from \$4.2 billion in 1981-82 to \$15 billion in 1992-93.

So, with these changes, we have become more efficient, productive and competitive than ever before.

With these changes in Indonesia and Australia have come new opportunities for cooperation.

And our two governments must foster this co-operation.

I have been very pleased to discover on my two visits to Jakarta, and in meetings with Indonesian Ministers here, that President Soeharto and his senior colleagues very much share this approach.

In April 1992, President Soeharto and I agreed that the establishment of an Australia-Indonesia Ministerial Forum would be one useful way of broadening our relationship. We wanted the Forum to include a range of economic Ministers who until then had not had a great deal to do with the bilateral relationship.

That Forum has begun its work well, establishing working groups in a number of areas of practical importance to us such as agriculture and food co-operation.

Its activities are designed to reflect and to accelerate broader movements already underway in our relationship.

Here are some figures which bear this out.

At more than \$3 billion, two-way trade is nearly three times its level five years ago.

Australian approved investment in Indonesia over the past five years amounts to nearly \$700 million.

Sixty percent more Indonesians were enrolled in higher education in Australia in 1993 than one year earlier.

The number of Indonesian visitors to Australia almost doubled in two years to 1993.

So my simple proposition is this: no relationship Australia has offers greater potential, on the social, the cultural or the economic fronts, than this one with Indonesia.

I happen to think that this holds true for Indonesia as well, although that is something Indonesia will have to decide.

But having said that, potential is just that - potential.

Despite encouraging figures such as those I have given, we should not fool ourselves that there is anything inevitable about the trend at work here.

For example, our bilateral trade grew by only 1.5 percent during 1993. This was the lowest increase in several years. And although there are several particular reasons for this, it is not a good enough result.

If the relationship is to live up to its potential, effort will be required from the whole range of people in our communities.

But, we can certainly do much more in the economic area.

To take just one example, we hope to sign shortly an agreement with Indonesia which will facilitate increased co-operation in science and technology.

And in the area of language, all Australian Governments are putting their money where their mouths are with the recent decision by the Council of Australian Governments to endorse a new national strategy for Asian languages and culture which will greatly increase the number of Australian students learning four key Asian languages, including Indonesian.

There are other areas worth our attention, too.

Changes in Australia and Indonesia and in the world around us since the end of the Cold War should compel us to take a fresh look at our strategic relationship.

I believe great potential exists for further defence co-operation between Australia and Indonesia.

The Government's recent strategic review proposed the concept of a strategic partnership with the countries of our region.

If we are to turn into reality our policy of seeking defence in and with Asia, instead of against Asia, Indonesia is the most important place it will have to be done.

Already we share many strategic interests. We have no conflicting interests in this part of the world, and there is a great complementarity in our respective defence postures.

And despite the differences in the structure and functions of our defence forces, new areas of practical co-operation are opening up to us.

On the political front, we are working together very well in regional organisations such as the ASEAN post-Ministerial consultations and we will co-operate closely in the new ASEAN Regional Forum.

We have also worked together effectively on particular issues such as Cambodia and regional chemical weapons arms control and, of course, in APEC.

President Soeharto and I have spoken on several occasions about APEC. We both see the great potential the organisation offers for keeping up the momentum of growth across the whole Asia Pacific region.

And each of us is conscious of the opportunities APEC offers to ASEAN and the developing countries of the region, as well as the developed ones.

Indonesia is the Chair of APEC this year, in addition to its chairmanship of the non-aligned movement. This is a real tribute to Indonesia's standing in the world.

In my view the APEC Leaders' meeting in Jakarta in November will be a decisive moment for APEC and the region. I have offered President Soeharto any help that Australia can usefully provide.

But despite the bright prospects in areas like these, it would be foolish to claim that the road ahead will always be smooth.

I do not doubt that Australia's relationship with Indonesia will encounter problems from time to time.

We are different people with different cultures and different views on issues which matter to us.

The management of those differences is part of the challenge. We will always want to be able to talk frankly and directly about them. But it is the way in which we come to grips with them which can give the relationship its particular value.

Some years ago people in both Australia and Indonesia liked to refer to the idea that good fences make good neighbours; that good relations were a matter of keeping the palings in repair. In my view, the need for such defensive thinking is well past. As both countries change, we should and can approach our relationship with much greater confidence.

I believe that Australia can establish with Indonesia a partnership which can stand as a model for co-operation between developed and developing countries, between countries based on western structures and values and those based on Asian models.

The task will not be easy. It will require more energy and commitment; warm hearts and, when required, cool heads.

If a relationship of the sort we want is to endure, we have to look beyond mutual economic interests and to establish a deeper understanding.

There is no doubt that work is required on both sides. We need be in no doubt that Australians' lack of knowledge about Indonesia is matched by misconceptions in Indonesia about Australia.

A recent survey commissioned by the Australian Government found that almost two-thirds of Indonesians believe that the White Australia policy is still practised. Fewer than one in five Indonesians see Australia as a modern society or an advanced country. Australia is perceived to have relatively low expertise in defence, shipping, aerospace, mining and manufacturing.

There are other more positive aspects to the survey findings. But it shows how far we have to go.

This is one reason why the Australian Government is putting this effort into the Australia Today Indonesia '94 promotion.

Australia Today will be a showcase in Indonesia for Australia's achievements in a whole range of areas from trade and technology to the arts and tourism.

It will be the most comprehensive promotion that Australia has ever undertaken abroad, and with the highest level of participation. More than 500 Australian organisations represented by at least 1500 individuals, will take part.

When I visited President Soeharto last October, I was pleased to receive his support for the promotion.

I am also delighted that the patron of the event will be the Indonesian Co-ordinating Minister for Trade and Industry, Mr Hartarto, who knows Australia and Australians well.

I should particularly note the contribution of some of the corporate sponsors of the promotion.

- . New Hope Corporation
- . Austindo Group
- . Krakatau Steel
- . BHP
- . CRA

- . Coca Cola Amatil
- . Price Waterhouse
- . ANZ Banking Group
- . Commonwealth Bank of Australia
- . Blake Dawson Waldron
- . Southcorp Wines
- . Australian Meat and Livestock Corporation
- . TNT Express Worldwide (Australia)

These are all far-sighted companies. They all have a bit of vision about them. They understand the potential I have talked about today.

Several of my Cabinet colleagues will attend Australia Today events, and the Minister for Trade, Senator McMullan, will lead a trade mission of business leaders.

The 'Visions for the Future' exhibition will provide a showcase for Australian science and technology that will last beyond this promotion and will help sell the message of Australian achievements in other parts of the world as well.

All Australian states will be represented in this promotion. In particular, the Queensland and the Western Australian state governments will have programs in Semarang and Surabaya respectively, to celebrate their flourishing sister-state relationships with the Indonesian provinces of East Java and Central Java.

The cultural program we are putting on will give Indonesians a taste of the best we have to offer in the arts, entertainment and sport - everything from exhibitions of art - including Aboriginal art - the West Australian Ballet, the Tasmanian Symphony Orchestra, theatre and music.

Elite national teams in soccer, volley ball and badminton will meet their Indonesian counterparts.

Several top Australian sports coaches will work with Indonesian sports people - a good beginning to the kind of cooperation which might be possible in the lead-up to the 2000 Olympic Games in Sydney.

'Australia Today Indonesia' will go some way towards letting Indonesians know about the achievements of the continent to their south. At the same time it will expose large numbers of Australians for the first time to modern Indonesia.

It should go a long way towards creating a better cultural understanding - and, thereby, a better culture for business and trade.

When this promotion is over, the challenge will remain.

But it will be one we should welcome.

It is in every sense an historic challenge. The chance to set up for the twenty first century a strong, dynamic - enduring - relationship between Australia and Indonesia. An immensely profitable and creative relationship between ourselves and the 180 million people to our north.

Without doubt, there is no more exciting and potentially rewarding challenge facing us between now and the end of this century.

That a prominent business group like the Institute of Company Directors has associated itself with this event is yet another welcome sign of the growing willingness of the Australian business community to get engaged with Asia.

I congratulate them, and everyone else associated with the project - and now take great pleasure in launching it.