



# PRIME MINISTER

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

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It is a great pleasure to be here in Thailand, and in Bangkok, one of the great cities of the world and without doubt one of the cities of the future.

Bangkok is a very important city to Australia. Not just as the capital and port of a country which is an increasingly significant trading partner, but for many thousands of Australians the gateway to Thailand and its culture, and indeed to a wider experience of Asia.

Bangkok has therefore played an important role in the transformation of Australian thinking about Asia.

I make these remarks at a business lunch because we recognise that to successfully do business in the region we need to raise our level of cultural understanding.

We realise that economic integration with the countries of the region means getting to know those countries better.

And if our knowledge is still far from complete, there is no doubt that a great change has occurred in the direction of our thinking and our perceptions.

These days not only do we look to the region for trade and investment, we now look to it as we used to look almost exclusively to Europe - for culture, for leisure, for difference.

And as I said in a speech in Vientiane on Tuesday night, this new orientation towards Asia has brought with it the rather unexpected consequence of recasting our perception of ourselves.

We learnt very quickly that to succeed in Asia we had to be more competitive and, in becoming more competitive, we learnt that we can work more efficiently, develop our skills and technology, develop new products and markets.

We knew we had to find our competitive advantages and build on them, and in doing that we learned that some of them - alone and in combination - were unique.

Above all, we have learnt from our increasing engagement with Asia that we can succeed.

My visit to Thailand, and earlier this week to Laos, confirms that fact.

I am confident that Australia has much to offer and the ability to deliver it.

I am also confident that our two countries have the capacity and the will to deepen and expand our relationship.

Thailand and Australia have fundamental interests in common - interests which are revealed to us by the transformation of our economies and the opportunities for trade and investment which have consequently opened up.

Two-way trade between Thailand and Australia last year amounted to just over \$2 billion. Over the last five years it has grown at an average rate of 25 per cent.

If we do no more than maintain our share of Thailand's imports, we should double our exports to Thailand by 2002: and - it is a measure of the change in Australia's economy - included in that would be \$1 billion worth of elaborately transformed manufactures.

And I believe that we can do better than maintain our share.

The capacity is undoubtedly there.

Thailand's economy is the second largest in ASEAN and is likely to be the fastest growing ASEAN economy within the next few years.

Thailand also has the strategic advantage of being located at the heart of continental South-East Asia, linking Indochina with the ASEAN countries.

The Mekong River Friendship Bridge, which tomorrow I will formally hand over to His Majesty the King of Thailand and President of Laos, is a powerful symbol of Thailand's importance as a hub for the South-East Asian hinterland.

It is also proof of Australia's capacity to join with Thailand in contributing to the sub-region's development.

I am in no doubt that Australia has much to offer Thailand as an economic partner in the long term.

The Friendship Bridge is one good reason to believe this.

I saw more evidence to support the view on my visit to Laos earlier this week, and I have seen it in other Asian countries I have visited recently.

I know I will see still more of it when I visit Vietnam on Sunday. Australian companies are playing a very substantial role in the economic development of Vietnam.

But the basis of my belief in the future of our relationship with Thailand - as with other countries in Asia - is the change we have made to the Australian economy in recent years.

We have undertaken significant economic, financial and industrial reforms which have made the economy much more open and much more competitive.

We are now seeing the fruits of those reforms.

Our exports have grown to 20 per cent of GDP.

Our manufactured exports are now consistently stronger than rural exports - and the fastest growing component of these are elaborately transformed manufactures.

Our exports of services in 1992-93 are now at \$15 billion.

The Australian economy is growing at 4 per cent, faster than any in the OECD, and with low inflation.

Australia is now more efficient, productive and competitive than ever before - and more export-oriented.

We can offer to our economic partners first class technology, expertise and skills.

We can provide them to Thailand.

We can help Thailand develop its infrastructure.

An Australian company is building the tallest building in Bangkok.

Australian companies are installing a centralised traffic control system and fibre optic telecommunications for the State Railway of Thailand.

An Australian company, in conjunction with a Thai group, is building the Si-Chang deep sea port on the Eastern sea board of Thailand.

Australia can also offer high class services, education and training to Thailand.

We are presently pursuing a program of activities in higher education through a memorandum of agreement with your Ministry of University Affairs.

We are providing computer assistance to Thailand's customs service.

Australia is a world leader in environmental technology.

**We have unmatched experience in shaping environmentally-friendly urban development - and in Bangkok Australian planners and architects are heavily involved in designs for new urban development schemes.**

**For all these examples of success, there remains a well of untapped potential.**

**When it comes to trade, we are basically like-minded countries.**

**We have shared a commitment to the Cairns Group and to APEC - which promises to deliver real benefits to our business communities by stimulating and facilitating trade and investment flows in our region.**

**The Uruguay Round outcome will improve the economic prospects of middle ranking economies like ours.**

**But of course we cannot simply wait for the opportunities to present themselves.**

**I have to say that I do not believe we have yet made the most of our relationship. Until now we have tended to take each other, I think, rather too much for granted.**

**This may be because there have been few major problems in what is a relationship of many years standing.**

**Whatever the reasons, I would like my visit to be the moment at which Australia and Thailand began to pay each other greater attention.**

**For instance, the level of investment, while increasing, does not do justice to the relationship. We need to take steps to maximise the conditions in which investment can flourish.**

**And we need to tackle the remaining barriers which inhibit the expansion of trade between us.**

**I discussed some of these issues with Prime Minister Chuan this morning.**

**At the government-to-government level, we are putting in place the framework for greater private sector cooperation and investment.**

**Today Prime Minister Chuan and I reached agreement on the formation of a Ministerial Commission - a regular ministerial forum in which to discuss ways of expanding trade and investment links.**

**Prime Minister Chuan and I also agreed that the Australian Trade Minister, Senator McMullan, will lead a major business mission to Thailand later this year with the aim of identifying ways to expand our commercial links and develop cooperation between us in third markets.**

**It is essential that through government contact we create an appropriate framework for expanding trade and cooperation.**

But on this visit it is equally an objective of mine to highlight to the business communities of Australia and Thailand the great opportunities which now exist.

Australian business has the chance to be a part of Thailand's economic success and the certainty of burgeoning development in coming years.

And, equally, the major reforms of recent years have made Australia a very good place for Thai companies to do business.

The Australian Government welcomes foreign investment. We actively encourage it with a business tax system which includes generous accelerated depreciation allowances and research and development concessions, and a 33 per cent company tax rate after which foreign investors get tax free dividends.

Foreign companies in Australia also enjoy the benefits of a skilled workforce, cheap energy, highly developed infrastructure including sophisticated telecommunications, and a society and a political system as stable as any in the world.

It is, as I said, a very good place to do business these days.

Ladies and gentlemen, I will be very pleased with this visit if hereafter our two governments and our two business communities acknowledge what has been until now a somewhat unacknowledged fact - I mean the profound convergence of our interests.

In the past few years we have worked together for the liberalisation of world agriculture markets. We have worked together on APEC. On Cambodia. Our companies are working together.

We have been building bridges together for some time now.

I hope that my visit to Thailand will help both our countries to recognise that we are standing on the threshold of a dynamic new phase in our relationship.

After my discussions this morning with Prime Minister Chuan and his senior colleagues I am confident that the Thai Government shares that view.

It is reasonable to infer from your presence here that the Thai and Australian business communities have come to the same understanding.

If the Australian and Thai governments do everything that is practicable to make the most of the future we share, it will still depend on your efforts to turn potential into reality. You are at the heart of our relationship.

If there is to be a new era, you will number among the pioneers.

I congratulate you for your enterprise and wish you well with all your endeavours.