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PRIME MINISTER

**SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP
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It is very good to be here to launch the Australia Malaysia Society.

And it is good to have so many old friends of Australia from Malaysia present. I particularly want to welcome again the Chief Minister of Sarawak, Tan Sri Taib Mahmud, who is Chair of the Malaysia-Australia Foundation and his colleagues from Malaysia.

The establishment of this society - and the formation of the Malaysia Australia Foundation which Dr Mahathir launched in KL last year - are a reflection of what it is that really underpins the relationship between Australia and Malaysia - that is, the level of contact and depth of friendship between the people of the two countries.

This is not a relationship which exists only between Governments. It is one which is nourished and sustained by all the links which individual Malaysians and Australians have been built up over the years. That is what motivated people in both countries to establish the Society and the Foundation.

Substantially, of course, those ties have grown out of the experience of students. The figures may be familiar, but they are worth repeating. Over 120,000 Malaysians have been educated in Australia and many of them, like our guests today, have gone on to hold influential positions in the Malaysian government, public service and business community.

At any one time, more than 10,000 Malaysian students are studying in Australia.

Another great area of strength has been the relationship between our defence forces. These ties go back even before Malaysia's independence. They are formalised through the Malaysia Australia Joint Defence Program and the Five Power Defence Arrangements. Australia is the major overseas provider of training for the Malaysian defence force and we have regular discussions about defence and security matters. No-one who has any

contact with the military in either of our countries can doubt the close personal bonds which have grown out of these professional links.

The trade and investment relationship has been another key source of people-to-people contact, of course. As we have seen with the establishment of this society, the Australian business community has been a keen supporter of the bilateral relationship over the years.

By next year, Malaysia should overtake Britain to become one of Australia's ten largest export markets. It is now our eleventh largest trading partner, with two-way trade of \$3.5 billion in 1994-95. Australia also ranks as Malaysia's eleventh largest trading partner, showing how evenly the relationship benefits us both.

Bilateral trade grew at a remarkable 22 per cent last year and has grown at that rate for the last three years. And Malaysia's strong growth, predicted at almost nine per cent this year, and its program of privatisation and infrastructure development, provide excellent opportunities for Australian exporters and investors.

Prospects for trade in services are equally good. Total services trade was worth over one billion dollars in 1993-94 and it has been growing at 17 per cent a year.

Tourism is a significant part of this trade and another way in which people-to-people contacts are growing. Almost 60 000 Malaysian holiday-makers came to Australia last year, and up to 100 000 Australian tourists visit Malaysia each year. The recent expansion of air services between us is a further good move which will help tourism.

Australia and Malaysia have also been working closely together on global and regional economic developments. We have used the Cairns Group to press for greater liberalisation of world trade in agriculture and we have a very cooperative relationship in APEC and in the dialogue on trade facilitation between AFTA and CER.

So this is a very healthy relationship and we have a very good story to tell.

But to maintain it at this level we need to work on it. Because, paradoxically, there are dangers in our very closeness and familiarity with each other.

It can make the familiar views we have of each other harder to discard when they are no longer relevant. We can get stuck with images of each other which are out of date.

Precisely because this relationship is so old, it brings with it a lot of preconceptions which can impede a clear view of each other.

I have no doubt that Australia needs to see Malaysia in a new way and that the same is true in the other direction.

Australians need to look at Malaysia, not through the prism of the Emergency or Confrontation or the Colombo Plan connections, but in the context of the dynamism and change which have made it Southeast Asia's fastest-growing economy - 9 per cent this year and an average of 8.5 per cent per year over the past seven years.

And during that same period, Malaysian exports have grown each year at double-digit rates.

This economic growth has been almost entirely driven by the expansion of Malaysia's manufacturing sector which contributed 20 per cent of GDP in 1985 but 31 per cent in 1994.

This is a remarkable national achievement.

Looking the other way, I hope Malaysians will see a modern multicultural Australia which is not an outpost of Europe or North America, which is not trying to be Asian or American or African or anything other than what we are, but which is economically strong, technologically sophisticated and endowed with resources which complement the needs of Malaysia and the other rapidly developing countries of Asia.

Future success for the Australia -Malaysian relationship depends on our recognising that these changes are underway and building on them. We can continue to do the sort of things we have been doing, but we need to do them in new ways. And we need to take advantage of the economic and social changes in both our countries to find new things to do together.

For example, Dr Mahathir and I agree that technology and research will be an important new area for cooperation. We discussed in Jakarta last year the opportunities for us in environmental technology. Australian Cooperative Research Centres and Malaysian institutions like the Standards and Industrial Research Institute of Malaysia, are already pursuing these those opportunities, and discussing collaborative research into polymers and aeronautics.

In the field of education, where our relationship has been so close, we need to think less in terms of Malaysian students coming to Australia for their education, and more about new approaches such as opening Australian campuses in Malaysia or twinning Australian and Malaysian educational institutions - allowing Malaysian students to share their tertiary degree between the two countries.

But I have to say that I hope that, in these changes, we will not lose the opportunity for students from each country to live and study in the other. And I am pleased to note that some Australian students are now beginning to pursue their studies in Malaysia. That has been a source of the remarkable strength in this relationship, and we need to preserve it.

In the area of trade we are already seeing the results of the changes in our two economies.

Fully one quarter of our trade now comprises Elaborately Transformed Manufactures. This reflects both Australia's increasing competitiveness in manufacturing, and the sophistication of the Malaysian economy.

And our long standing investment relationship is one of the healthiest in the region. We each have investments worth several billion dollars in the other country. Malaysian investment in Australia has been growing quickly - by 34 per cent in 1994 - and diversifying into new areas. And while Australian investment in Malaysia is growing well - with over 200 businesses now represented there - I would like to see more growth.

These are some of the matters I hope to discuss when, as I can now announce, I visit Malaysia officially on 15 and 16 January. I am very much looking forward to the opportunity of talking to Dr Mahathir and his colleagues and to seeing developments in Malaysia for myself.

Few relationships between countries have such a base of goodwill as this one. It has a flying start.

I am sure the Australia-Malaysia Society's activities will complement the work of the Malaysia-Australia Foundation and other organisations which have been established to foster people-to-people links between Australia and Malaysia including the Canberra based Australian/Malaysian Society in deepening this relationship. The Society's first project - a photographic exhibition on multiculturalism in Australia and Malaysia, to be shown simultaneously in both countries - is an excellent way to start. I understand that Dr Mahathir's daughter, Marina Mahathir, proposed this project, following her own very successful exhibition "Eyes on ASEAN" in Australia last year.

It only remains for me to congratulate all of you, and Ric Charlton in particular, for the work which has been put into establishing the Society.

It gives me great pleasure to launch the Society formally and to wish it well for the future.