



PRIME MINISTER

**TRANSCRIPT OF THE PRIME MINISTER, THE HON P J KEATING MP
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PM: I just thought I might open with a few opening remarks and then invite questions. The first thing I would like to say is it has been a very enjoyable visit to Malaysia. I have enjoyed again meeting the Prime Minister and members of the Government, members of the bureaucracy and the diplomatic corps at a very nice dinner last evening and I had the opportunity to have quite a long discussion there with the Prime Minister and again today a very useful discussion, in the formal settings, where we were able to go through a reasonably long agenda.

These talks underlined, I think, how deep and strong our bilateral relationship with Malaysia is and how we can do much more together, how there is so much complementarity between our two economies and, of course, with that long shared history going back so far, it just makes fairly obvious that we should be doing perhaps more in each other's country and doing more together in third countries.

We talked about a number of specific areas in this regard - the environment, science, health, finance, building and construction, communication, civil aviation - and, as you know, we were very pleased to sign a Memorandum of Understanding on Education Co-operation. You might recall that Malaysia has made a very key decision to allow twinning of universities, which will mean you will see Australian campuses here in Malaysia and we will be putting our universities together.

I will be speaking shortly at a Business Forum which underlines how much dynamism and activity exists in our commercial relationships and you might know that later on today I will be having separate discussions with the Deputy Prime Minister, Anwar, and also Tun Daim. And then I go to a reception by the Malaysia-Australia Foundation, which is designed to emphasise the strengths of the people to people links I have been talking about and I am very heartened by the development of these two bodies.

I have very much enjoyed this visit and I said to the Prime Minister that I would like to come back and have a more extensive visit - one where I can see more of the countryside and I have invited Dr Mahathir to come to Australia.

So, all in all, it has been a very fruitful time and I have enjoyed it and it just shows you, I think, how much you can cram into a relatively short period of time.

J: Prime Minister, how would you describe you said it was a very good relationship, would you say now that the hiccups of the past as Dr Mahathir described them are now behind us?

PM: Well I think what drives Governments and countries are the real building blocks of relationships and the momentum they have as societies, and that is what has driven this relationship right through its history. And now we are both doing more, we are both more open to the world, we are prone to drive each other along faster and I hope, together, do things to drive the region along faster. And the fact that I am here, I think, is evidence that that is what I believe and it is certainly what the Prime Minister believes.

J: Last night Dr Mahathir said that there was some negative elements in both societies regarding the relationship. What did you take him to mean by those negative elements? Do you think there are negative elements in both societies?

PM: Well I have a penchant for positive elements. That might make me unusual in some company here. But the fact is we, I think, ... you see Dr Mahathir and I have now had quite a substantial history in multilateral bodies - most recently, at the Commonwealth Heads of Government Meeting - and I think he made the point last night convincingly and I reiterated the point in my talks that we all need a contemporary snapshot of societies. You know you come to Malaysia in three years time, it will be a different country than the one you are in today. Go to Australia in three years time, it will be different again to the one three years ago. And, I think, that old, deep relationships are often not only taken for granted but the stereotype remains in one's mind about them. And the value of visits like this - not just for Prime Ministers and Ministers, but for business people, and for journalists, and for everybody else - is to see a contemporary reality. That is, I think, which makes very clear that we are countries that live in great proximity to one another and will have a shared history in the region and in the world.

- J: Mr Keating, is it fair to say that in the contemporary reality, there are still more differences between Australia and Malaysia in terms of the outlook on the specifics of the region than there are with some other countries like Indonesia?
- PM: No, I don't think so. No, I think that we all see the sort of boundless opportunity and the pace of the change doesn't leave much time for scepticism, or cynicism.
- J: Mr Keating, Dr Mahathir said this morning that the relationship was "as harmonious as it could be". What do you think he meant by that?
- PM: Probably what he said.
- J: But he seemed to be indicating some reservations still.
- PM: Well he thinks it is as harmonious as it could be, it means it is as good as he thinks it can be and that is very good as far as I am concerned.
- J: Mr Keating, what is your response to Mr Goh's proposition that Australia and New Zealand could one day become members of ASEAN?
- PM: Well I don't think we have been invited. But, I think, what we want to do is to see ourselves more integrated with the region including the ASEAN economies and the ASEAN economy. And you know we have been speaking of the proposition of whether we might be able to see Australasia - Australia and New Zealand - and AFTA do something in concert and, I think, were that to happen we would go a very long way to drawing the best of the complementarities that might be available from, if you like, both economies.
- J: So trade integration is the first step before any political joining in ASEAN?
- PM: Well, I think Prime Minister Goh mentioned this the other day for instance. I think all of us have an open mind about the structures of the region. But the thing that we are all doing is we are all in it. We are integrating ourselves further, all of us, in the trade and traffic of the area and smoothing those things out, I think, probably matters more than the political/economic structures. So that is getting the open access and the trade opportunities and the flux of business moving is the thing that matters. Now whether that happens bilaterally, or multilaterally, I think, doesn't much matter. It may happen somewhat quicker and better if it happens multilaterally and that is why we are looking at AFTA and Australasia for instance. The next step about some political involvement in ASEAN is really, I think, for ASEAN to think about more than for us.

- J: So you agree with Dr Mahathir that now is not the right time for Australia to become part of ASEAN?
- PM: Well we haven't been invited to become part of ASEAN. Musing about it is something that has been done from time to time and Prime Minister Goh was doing that this week.
- J: Prime Minister, you said in your speech last night that Australia was not attempting to become "Asian", yet Dr Mahathir has specifically said that we can't expect to be part of Asia until our population mix changes in that direction. How do you reconcile those two views?
- PM: Well, I think, quite easily. I think he is saying is Australia an Asian country? What I said last night was - no, it isn't. And he is really saying it would only be an Asian country when it was actually Asian, or predominantly Asian. I wouldn't have thought there is any need to reconcile those views. I think we are coming to the same question from a different angle. Australia is not an Asian country, but it is an integral part of the Asia-Pacific economy where we supply half of East Asia's raw requirements for steel, for energy, for coal, a large part of its requirements for food, as well as the higher technology areas we are now seeing our markets grow in and, I think, that is the point. So whether you call it us being part of Asia, or the East Asia hemisphere, or the Asia-Pacific, I think what matters is that we are an integral part of that economy and it happens to be the fastest growing economic region of the world. I think that is what we are speaking of. I wouldn't want to see Australia described as an Asian country - it isn't. It is Australia. It is not European, it is not North American - it is Australia.
- J: Mr Keating, despite what you have just said, there is no doubt there is still tension in the relationship between Australia and Malaysia - Dr Mahathir referred to it - and it bubbles up from time to time. Where do you think that tension comes from?
- PM: Well I only had just a briefing as I walked in about the remarks he had made to you as a group outside of his office and I don't think there is anything he said that sustains your point.
- J: But he said that in his speech last night, talking about the hiccups and how they do come up, we have got to deal with them.
- PM: Well hiccups come in all relationships. I mean of course they do. But they come and go. It is the strength that underlies it that matters.
- J: Mr Keating, was there any discussion on the Dr Mahathir's idea for the East Asia Economic Caucus and the possibility of a formal relationship between Australia and the EAEC?

- PM:** No, we didn't discuss the East Asia Economic Caucus proposal. I think, though, what we do welcome is regional cooperation. That is the point I just made to you a moment ago and I am going to have more to say about that in Singapore tomorrow. I think for us APEC provides perhaps a core piece of political architecture in the Asia-Pacific because it includes the largest country, China, the largest economy in the region, Japan, and the largest economy in the world, the United States, as well as the countries of South East Asia and those other continental countries like Australia.
- J:** So you have changed your view that the EAEC is irrelevant?
- PM:** Well I don't think there is any value in adding to what I thought was a very succinct answer, Glenn.
- J:** Prime Minister, were there any discussions about closer defence ties and was the issue of the Indonesian defence treaty raised by Dr Mahathir?
- PM:** No, no, in fact I spoke to the Prime Minister about it last night and said that I regarded it very much as a declaration of trust between Australia and Indonesia. That is, that issues in the past - back in the 60s and other things which have now passed through - we are saying that in the language of the treaty that we have common strategic interests, Australia doesn't have territorial designs on Indonesia, Indonesia doesn't have territorial designs on Australia. There is nothing in the area but good things to be done together and to cooperate. And that cooperation will also extend, of course, to defence cooperation, which we are already doing. So, in a sense, the treaty is a further development of that defence cooperation which, I think, the Prime Minister well and truly understands and, of course, that makes the area much more solid again, complementing the Five Power Defence Arrangements.
- J:** On defence, did you make a plug for Transfield and the patrol boat?
- PM:** I don't go around making plugs - that is for other people to do. But we talked about the value of developing, you know, core regional strategic infrastructure and, obviously, a naval ship building capacity in this part of the world is a strong asset. It is a very strong asset for Australia. We are, obviously, prepared to share that technology and that asset with Malaysia. But that is essentially a decision for their defence force and their Government to make.
- J:** Mr Keating, is trying to integrate with Asia the plan of your Government alone or the future of Australia?

- PM:** Oh, I think it is very much an imperative for Australia. That is, we live in this part of the world, we trade in this part of the world, more and more of our people to people contacts are in this part of the world, half of our migration intake is from Asia, the cosmopolitan, multicultural character of Australia means, I think, that we will look at this part of the world. This has already become the central focus, I think, of Australians.
- J:** Mr Keating, you have expressed your interest to attend the Asia-EU meeting in Bangkok. Did you discuss this with Dr Mahathir?
- PM:** No, I haven't no. There are many issues in the sort of international constellation out there - that is one. It is not one that the Australian Government has put great store on.
- J:** Is Australia keen to attend the next ASEAN-EU Summit?
- PM:** Well it depends. We will see how the first one goes.
- J:** Did you receive an undertaking that Malaysia would not oppose your presence at the next summit?
- PM:** We didn't discuss it at all. Not at all. I have never raised the EU-Asia meetings with Prime Minister Mahathir, or any other leaders of ASEAN.
- J:** Did Dr Mahathir accept your invitation to come to Australia?
- PM:** No, but he knows it is there and he knows it is a genuine one.
- J:** Mr Keating, on a personal level, how were relations? I mean how did you get on with Dr Mahathir?
- PM:** Oh, good. But I always do. I had a good meeting with him in New Zealand and we ended up together a couple of times in Osaka and, of course, here we had a very, very nice evening last night with Dr Mahathir and his wife.
- J:** Dr Mahathir mentioned last night, in his speech, trade agreements. Is there anything new in the pipeline in the way of formal Government to Government trade agreements?
- PM:** No, but we are thinking about what is going to be best for us. We are not dealing with the same sort of economies and countries we were when we were speaking about this on the last occasion and I hope today's discussion will be good for both of us who are thinking about what that should be. Anyway I found it very encouraging.

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