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PRIME MINISTER

**SPEECH BY THE PRIME MINISTER,
THE HON. JOHN HOWARD MP
OFFICIAL BANQUET GIVEN BY PRESIDENT SOEHARTO
ISTANA NEGARA, JAKARTA, 16 SEPTEMBER 1996**

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11.00PM (CANBERRA TIME)

Mr President

I wish first to thank you for your hospitality. I am very pleased to be back in Indonesia, on this occasion for the first time as head of a new Australian Government.

I want to say how very much I appreciated your graciousness when I had to postpone my visit and how pleased I am that the visit could be rescheduled so soon.

There has already been substantial contact between the new Australian Government and the Indonesian Government. Five ministers from my Government have visited Indonesia since the elections, and a number of Indonesian ministers have been to Australia. In a month or so, ministers from our countries will meet at the Ministerial Forum.

I particularly welcome this first opportunity for me personally to reaffirm to you, Mr President, my commitment and the commitment of my Government as a whole to Australia's relationship with Indonesia. This relationship is of the very greatest significance to Australia and brings substantial benefits to our region as a whole.

That our relationship has become far richer and so diverse reflects the natural complementarity of our national interests. But it also reflects the work that governments in both countries have put into nurturing it. I would like to thank you, Mr President, for the evident interest and care you have taken in it.

I also acknowledge the contribution made by our predecessors in government in Australia. The relationship with Indonesia enjoys bipartisan support from both sides of politics in Australia - and this has a long history.

Indonesia had the support of Australia in its moves towards independence after the war under a Labor government. It was a Liberal/Country party government which welcomed the

stability brought by the New Order government in the second half of the 1960s and in those early days helped in establishing the international financial arrangements to support Indonesia's development.

In more recent years, the Fraser, Hawke and Keating governments all played their part in strengthening the relationship.

The stability and unity of Indonesia and its economic growth under the New Order - so much of which is due to your personal leadership, Mr President - have been a feature of our economic and strategic landscape for 30 years and of great benefit to Australia and the region.

Australia and Indonesia

Our relationship now has many dimensions.

Our bilateral economic links are flourishing. A decade ago, trade between us was worth less than \$1 billion. In 1995-96 it was worth \$4.2 billion. That was 30 per cent higher than the year before. Our investment links are also expanding rapidly.

In part, this reflects the transformation of the Indonesian economy - which has increased in size over five times since 1966. The dividend of wise policy choices by Indonesia is evident in the economy's growth and attractiveness to foreign investors.

I am pleased to say that Australia is deeply involved in this transformation. We are one of Indonesia's ten largest investors. Over 300 Australian companies have a presence here. We are your fifth largest source of imports.

This is a good start to making the most of the great potential of our economic relationship. But we should regard it as only a start.

As Indonesia closes in on its goal of becoming an industrialised nation, Australia is well placed to help supply your demand for intermediate and capital goods, services and technology. Dr Habibie's visit last year identified some of the scope for this. Greater cooperation is possible in areas like education, health, tourism, infrastructure, housing and business and financial services.

My Government comes in to office with a mandate to undertake some important reforms which I think will make Australia a more dynamic economy and an even more attractive economic partner.

Mr President

Just as Australia and Indonesia have come to see the mutual benefits of harnessing our economic complementarities, we have come to see the sense in close security cooperation. Our expanding security links and the recent Agreement on Maintaining security reinforce the confidence we have in each other.

The Agreement has my Government's strong support. It underlines that the security of each country is important to the other. It sends the message that at a time of strategic change Australia and Indonesia are committed to cooperating in order to promote regional stability.

These shared interests and views are being strengthened by increasing contacts between Australians and Indonesians. Our expanding tourism, business and education links promote much better understanding of each other. More Indonesians and Australians than ever before are learning about each other's country, language and culture.

The confidence we have in each other and overall compatibility of our policy choices has made us good partners in regional affairs as well as bilaterally.

Australia and the region

Mr President

There is nothing new about Australia's active involvement in the Asia-Pacific region. Since the Second World War Australian governments of all parties have recognised Asia's importance to Australia's future and have worked to strengthen links with the region.

Geography dictates nothing less. Our security is closely affected by what happens in Asia. Our economic stake in the region is massive: more than 60 per cent of Australia's merchandise exports go to East Asia, accounting for nearly 12 per cent of our GDP. In turn, we are an important economic and security partner and a source of technology, skills and education for many countries in Asia.

We do not claim to be Asian. Like every other country in the Asia-Pacific, we bring our own distinct culture, attitudes and history to the region.

I do not believe that Australia faces a choice between our history and our geography - between our links with European and North American societies on the one hand and those with the nations of Asia on the other.

Neither do I see it as a matter of balancing our interests in Asia against or with our interests in the rest of the world.

Neither do I see Australia as a bridge between Asia and the West as is sometimes suggested.

Rather I believe that our geography and history are elements in an integrated relationship with our region and the wider world. Our links with Asia add something to our links with the rest of the world, and vice versa. For example, our close association and alliance relationship with the United States contribute to the prosperity and stability of the region.

My Government is committed to being an active participant in regional affairs. And in this I am confident that we can work closely with Indonesia.

Indonesia played a key role in the settlement in Cambodia, and we cooperated closely with you.

Mr President, it was under your leadership at the 1994 leaders' meeting in Bogor that APEC set the historic goal of free trade in the region by 2010/2020. Australia strongly supported that goal at the time. My Government remains committed to it.

I look forward to discussing with you how Australia and Indonesia can work together at this year's leaders' meeting at Subic Bay to make progress towards it.

Conclusions

As neighbours, Australia and Indonesia have a close interest in the success of the other. We should support each other's efforts.

We have to recognise that each country brings different strengths to the relationship. We should acknowledge each other's achievements. We should not presume to have the answers to each other's problems.

We are very different and we cannot expect always to see eye to eye. No country can be asked to deny its history, principles or culture. But when disagreements emerge, they should be seen in the context of the overriding mutual interests we share and the immense benefit of a close relationship between us.

Mr President

The key to any friendship is a shared long-term commitment to each other's well-being.

I believe that commitment exists in Indonesia. I want here tonight to renew it on behalf of Australia.

Thank you.