

**The Fifth Asialink Lecture and Asialink Birthday Celebrations
The Hon John Howard, MP**

**Prime Minister of Australia
(Then Leader of the Opposition)
Australia's Links with Asia : Realising Opportunities in our Region**

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Ladies and Gentlemen, it was with great pleasure that I learned of your invitation to address Asialink on your Fifth Anniversary. I was pleased to accept, and I am particularly pleased that my first address on foreign policy since becoming Leader is to such a distinguished forum concerned with such an important relationship for the future of our country.

An economic revolution has transformed the Asia-Pacific region over recent decades and that reality has itself transformed the relationships between that region and the rest of the world.

These changes have been a major watershed in the evolution of Australian foreign policy. In my lifetime, they have been dwarfed only by the extraordinary implosion of communism, which represented the most decisive victory of one set of ideas over another seen this century.

New forms of competition and cooperation are emerging, both within and beyond our own region. New balances of power and influence are being forged. New dimensions of technology and national wealth are being created.

We are living through one of those periods of history when a country's capacity to adapt and respond sensibly to rapid international change will determine its prospects for many years to come. These are exciting, but demanding, times. They call for innovation and vision. They also call for a clear and constant assertion of Australia's national interest.

Responding creatively to these realities, and fulfilling our real potential in the world's most dynamic economic region, constitute the foremost challenges of Australian foreign policy in 1990s.

They are challenges which we in the Coalition Parties welcome and to which we look forward, and we have great confidence in the capacity of Australians to meet them and benefit from them.

We have a clear agenda of priorities designed to assist the enhancement of regional cooperation and Australia's interests within it and I am delighted to have the opportunity this evening to outline our purpose and resolve in pursuing them.

It has been said that those who seek to control the future first try to control the past, that is, they try to distort it for their own particular narrow purposes.

Over recent years, Australia's past has been subjected to a great deal of attempted control and distortion and a great deal of self-centred delusion as well.

As far as our relations with the countries of our region are concerned, Mr Keating and Senator Evans would have people believe that nothing of real substance was achieved until they arrived on the scene. This is simply a case of history with the facts left out. It is wishful thinking, but not what actually happened.

History that is written with a chip on the shoulder tends to be very poorly balanced.

This is particularly regrettable in terms of Australia's relations with the Asia-Pacific region because improving and extending those relations has been a bipartisan objective in Australia for many years and both sides of politics have contributed significantly to that goal.

I am proud to address you tonight as Leader of a Party which has always been committed to developing the range and depth of Australia's relations with the countries of the Asia-Pacific region. A Party with a long and proud record not only in policy achievement but also in leading the debate within the Australian community on Asia-Pacific issues.

It was, after all, the Liberal Party in government which took the critical, and often contentious, decisions that laid the basis for the modern relationship between Australia and our region. It was the Coalition which helped to design the architecture of post-war regional security arrangements, and in particular the ANZUS Treaty and Five Power Defence Arrangements which, to this day, continue to enhance the stability of the region. It was the Coalition which developed a wide range of educational links with Asian countries, and in particular, initiated the Colombo Plan.

It was the Coalition and the leadership of Jack McEwen which negotiated the 1957 Australia-Japan Trade Agreement. It was the Coalition under Malcolm Fraser which instituted one of the most compassionate and generous responses of any government in the world to the Indochinese refugee crisis. It was the Coalition which took a range of important initiatives from the 1960s on to help build a greater sense of regional awareness and to realise the possibilities of greater regional economic cooperation. And it was the Coalition which finally put an end to the White Australia Policy.

Liberal Prime Ministers, from Sir Robert Menzies through to Malcolm Fraser, together with Liberal Foreign Ministers, from Richard Casey and Percy Spender through to Andrew Peacock, developed a framework of policy that greatly enhanced and enriched Australia's relations with our region and no self-serving, partisan re-writing of history will obscure or diminish their achievement.

So when next you hear Mr Keating and Senator Evans re-writing the history of Australia's relations with our region in their own self-image, my advice would be to take it all with a grain of salt, knowing that their agenda and the facts of history are often very different.

The fact is that over recent decades all Australian Governments, both Coalition and Labor, have made very important contributions to expanding Australia's economic and political interaction with the Asia-Pacific region. I acknowledge all their achievements. I diminish none of them and I am committed to building further on them.

Tonight, however, my real focus is on the future, not the past -- on Australia's future in fulfilling its potential in the Asia-Pacific region. The trends in regional development

to which Australian policy must respond are clear.

First, competitive enterprise and open trading arrangements have been the driving forces of the Asia-Pacific region's extraordinary economic transformation. The technology and communications revolutions have driven economies towards greater internationalism, greater competitiveness and greater export-driven economic growth. The fact is that it has been the economies of the Asia-Pacific region that have harnessed these forces of change and met these challenges more successfully than any others. Their economic success has in large measure been a direct product of the openness of the world trading system and the relatively easy access to large markets such as that of the United States.

Second, the momentum towards expanded forms of economic regionalism and sub-regionalism among Asia-Pacific countries is building, and is set to continue.

At a regional level, the focus, of course, is APEC and the great potential it holds for the further liberalisation of regional trade and for procedures to resolve bilateral trade disputes -- and I shall return to address APEC in further detail later in my remarks. But, in addition to APEC, there are other regional economic initiatives that are also important, such as the ongoing development of an ASEAN Free Trade Zone.

There is also increasing interaction at sub-regional level. This takes place in a way which often lacks many formal structures but which is the deliberate outcome of policy cooperation. Sometimes, economic sub-regionalism is apparent in particular 'growth triangles' or in specific initiatives such as those being pursued by the Northern Territory Government and Indonesia, or by the littoral states of the Sea of Japan. Sometimes economic sub-regionalism is centred on one particular country in which others see special opportunities as a dynamic growth market-- a situation which now applies to many countries in respect of India.

Third, it is clear that there are a number of core relationships that vitally affect the region's future prospects. There is the Japan/United States relationship, and the ongoing trade and economic pressures in both countries to which it is subject. There is the China/United States relationship, and the ongoing debate over the appropriate interaction between economic policies and human rights concerns. There is the China/Japan relationship, with its bitter historical legacies but great potential for future cooperation. There are the various relationships which China and Japan have with other regional countries and there are, of course, the more recently dynamic, high growth economies of South Korea, Singapore, Indonesia and others and the regional significance of their new status.

A fourth dynamic of change in the Asia-Pacific region is the increasing awareness of a shared security interest as well as developing security dialogue among Asia-Pacific countries. This development is not a substitute for the long-standing regional network of defence alliances, and nor should it be. But initiatives such as the ASEAN Regional Forum are important means through which confidence can be built and differences of view narrowed.

These hopeful signs co-exist, however, with counter-pressures which are seeing the re-emergence of some nationalist territorial claims and political tension within the region. The ongoing dispute over the territorial claims of a number of regional states in the South China Sea is just one example --and I will return to that issue later.

Another dynamic of change within the Asia-Pacific region is the fact that the processes of economic liberalisation in the region, broadly speaking, are being accompanied by forces making for political liberalisation, although the two processes

are far from synchronised.

Governments of the region adopt a variety of forms, with different degrees of democratisation and differing approaches on individual rights.

There is an ongoing debate in the region, as well as beyond it, between those governments and societies which promote the observance of minimum internationally recognised standards of human rights and those who maintain that the transition to democracy in developing or industrialising states needs to be preceded by a period of sustained economic growth overseen by a strong central government committed to market-based economic reforms. It is also the case some nations show little or no enthusiasm for the ultimate transition to democracy.

This debate has been a continuing one over many years in the past and it will continue into the future.

The challenge for Australia is to manage it on the basis of mutual respect, in a way that is consistent with our values and our obligations and in the context of enhancing the overall framework of bilateral relationships and the interests of the region as a whole.

Within this regional environment of dynamic change and a developing sense of common concerns, the Coalition Parties have a clear set of priorities to advance Australia's long-term interests.

First, we do not believe that Australia faces some kind of exclusive choice between our past and our future, between our history and our geography. We see such a choice as a phoney and irrelevant one proposed by those with ulterior motives.

Australia must meet the regional challenges of the future, in Asia and elsewhere, with the flexibility to adapt to changing circumstances but with pride in our history, our values and our institutions. The dynamically successful economies of East Asia have done precisely that in terms of their own national histories, values and institutions. Once we start disavowing our history, or disowning our values or changing our institutions simply because we think regional countries will respect us more for doing so, then we will be badly mistaken. Future constitutional arrangements or national symbols are exclusively a matter for Australians. It both trivialises relations with the region and is an unwarranted act of national self-abasement to believe particular changes can win or lose friends in the region.

There may be reasons for change in all these areas, but they must be reasons of substance in their own right and not mistaken beliefs about what other countries may think of us or what supposed economic benefits others will bestow if only we made such changes. There is no 'quick fix' to earning respect and building economic advantage in an increasingly competitive world. That comes only through making our own economy internationally competitive and through developing long-term political relationships on the basis of trust and honesty.

The choice is not between our history and our geography, not between disowning our past and embracing the challenges of the future. The task is to take with us into the future what is best in our past as well as to maximise the potential benefits of our geographic position. Anything less than both these priorities is a one-eyed view of Australia's national interests.

Second, just as the choice between our history and our geography is a phoney and irrelevant choice, so too is the choice which some people pose between pursuing

Australia's interests in Asia and pursuing those outside it.

The Asia-Pacific region offers Australian businesses extraordinary opportunities in terms of two-way investment and trade. This is the case not just because of the region's dynamic growth pattern but also because its demands for particular goods and services match Australia's comparative advantage in terms of our capacity to produce them.

Australia confronts an historic challenge in terms of realising the full potential of its economic interaction with the Asia-Pacific region and a Coalition Government will be totally committed to providing the policy framework in which we can meet that challenge.

But it is important to remember that Australia's political and economic interests also extend well beyond the confines of our own region. We must pursue Australia's national interests at all levels through multilateral institutions, through regional and sub-regional groups and through bilateral contacts within and beyond the Asia-Pacific region.

To take just one example, let me cite the current economic opportunities in India. These potentially offer the most dramatic growth prospects outside of China. Many countries are now pursuing economic opportunities in India very actively. Australian policy is very belatedly becoming aware of this potential but there are very real Australian interests at stake.

I firmly believe that all these trade and investment opportunities for Australia at a bilateral, regional and wider international level are complementary, and not exclusive.

Third, a Coalition Government will work to ensure that the tyranny of distance works in reverse -- in favour of our national interests.

The tyranny was imposed on us for much of our history because of our distance from the world's major centres of trade and finance. Now, far from being at the periphery, we find ourselves on the edge of the world's fastest growing and most dynamic economic region.

This fact opens up enormous opportunities but they are not opportunities for us alone.

Geographic proximity of itself assures us of nothing in terms of political or economic relationships. The late twentieth century revolutions in transport, technology and communications have globalised business and markets. Opportunities in Asia exist as much for value-adding exporters in Canada, France, South Africa and the United States as they do for those in Australia.

When our great potential for trade, investment and political cooperation in the Asia-Pacific region is fully realised, it will not be because of our geography but because our economic structures are world-competitive, and we are producing the goods and services that the Asia-Pacific market needs at a price it accepts. It will also be because we are attuned to the requirements for building effective political relationships.

Fourth, it will be a major priority of a Coalition Government to respond actively, creatively and cooperatively to the momentum that is building in the direction of greater economic regionalism and sub-regionalism in the Asia-Pacific.

A key focus of our attention, of course, is APEC.

The Coalition Parties strongly support the APEC process. We see it as underpinning the strengths which have inspired the region's economic dynamism -- namely, market-based competitive enterprise, interactive economies and non-discriminatory trade. We also see APEC as an important mechanism for keeping the United States constructively and cooperatively involved in the region's economic evolution.

We have long been concerned, and we remain concerned, that the structural weaknesses of the Australian economy, which are the result of policy mismanagement, are preventing Australians from fully realising the extraordinary potential that exists in expanding our economic relations with the dynamic economies of Asia.

We need to be able to take advantage of the things Australians do well, and utilise the natural and geographic benefits Australia has. There is no doubt, with our relatively clean environment and our natural advantages of space, plus the efficiency of our primary producers and proximity to the huge Asian markets, that it gives us tremendous opportunities. Apart from being a supplier of food and raw materials, there are also tremendous opportunities in services generally, particularly in education, in tourism, in medicine, in finance, in processed food, in manufacturing, in construction, in science and technology, in transport, in fact across the board in terms of our value-adding industries.

All of that means jobs. Not just in cities, but it is one of the real hopes for many of our regional centres.

But in my view, we are only scratching the surface of our potential in all these areas and we have lost our share of some vital markets in the Asian region over recent years. The volume and value of our regional exports are rising as we are pulled along in the slipstream of the region's phenomenal growth but our performance in terms of market share is of concern.

The fact is that until Australia has a national government that is prepared to address our underlying economic problems, the economic potential of developments within APEC will remain unfulfilled for Australia.

Put bluntly, the great opportunities open to Australia in the Asia-Pacific region will never be fully realised and, indeed, will be stillborn unless Australia gets her own domestic economic house in order. That means addressing the inefficiencies in our economic infrastructure like our waterfront and freight and transport systems, which we need to reach those markets

Lowering transport costs is central to Australia's competitiveness in Asian markets; for exports and inputs to domestic production and for restraining inflation. Transport costs account for 16% of the value of BHP's steel exports and contribute 18% to the cost of Australian consumer items.

The benefits to the economy should not be underestimated. For every dollar we save in transport costs, output in the economy increases by around two dollars. That is why comprehensive reform of all sectors of the transport infrastructure must remain such a high priority.

Ports are very much at the interface of our involvement with Asia. We are too easily judged and dismissed by Asians over that performance. I have no truck with those who argue, "Look how far we have come in port reform in recent years!" I do not begrudge those reforms but do not forget that the world is not standing still waiting

for Australia to catch up. Efficiency and productivity in our ports remains well below best practice. A recent productivity survey, by an international shipping operator, of 46 ports throughout the world has shown that since 1992 Sydney has dropped from 24th place to 31st and Melbourne has fallen from 28th to 37th. The survey reveals that Melbourne port is operating at only 66% of the productivity of Auckland or 39% of the top-rating port, Antwerp. The Tasman Pulp and Paper Company has found that stevedoring charges in Australian ports are averaging three times that of their home port of Tauranga, New Zealand.

It is not exciting or glamorous work -- micro-economic reform -- but it is the bread and butter of faster, sustainable economic growth and higher living standards. It is the guarantee of success in Asia's tough domestic markets. Structural rigidities are effectively a tax on exports -- exporters who cannot pass on excessive costs to their overseas customers pay the price of such inflexibilities. We need that extra edge to overcome the residual loyalties, cozy arrangements and tightly-knit networks which dominate distribution lines in many countries.

There are many other areas government must address if we are to be in a position to be truly competitive in these regional markets. It means reforming the labour market to promote genuine enterprise agreements. It means fixing our historic low in national savings. It means implementing a responsible fiscal policy. It means tackling our massive foreign debt and current account problems. And it means ensuring that Australia is at the forefront of the science and technology revolutions.

All these underlying domestic economic problems make it difficult to translate developments within APEC into maximum advantage for Australia and only a Coalition Government will address those problems.

The progress achieved within APEC over recent years is something which we in the Coalition Parties welcome and which we are committed to taking forward. The annual APEC Leaders Summit, in particular, is a vital breakthrough in regional diplomacy.

The Bogor Declaration at last year's Summit was a milestone in the regional process of trade liberalisation.

There are differences of perspective within the region as to how the free trade vision of Bogor should be realised and, in particular, whether it should be on an open or discriminatory basis and which industry sectors will be involved.

I should note that there is a remarkable confusion and indecision within the Australian Government on both these issues.

As for the Coalition Parties, let me make those points clear. We believe that the economic benefits of non-discriminatory trade far outweigh the outcomes from discriminatory arrangements. We believe it would be a major mistake for APEC to develop into a discriminatory trading bloc. We strongly support regional attempts to facilitate trade through the mutual recognition of standards, streamlined dispute settlement procedures and similar initiatives. We believe that the most productive path towards APEC's long-term free trade objectives is one of practical, incremental steps that deliver commensurate benefits to Australia as well as other countries.

These practical, incremental steps are the fundamental building blocks of genuine progress towards APEC's long-term goal of mutually beneficial free trade. The goal of APEC must always be a practical one of benefiting all the people of the region. This will be facilitated if all countries recognise that, ultimately, the costs of domestic protection and structural rigidities are a tax on those least able to pass them on like

exporters involved in increasingly competitive world markets. This mutual recognition will make it easier for all of us to sell the benefits of APEC to the various domestic stakeholders. Under a Howard Government, we will negotiate to achieve an outcome in which all APEC countries live up to their commitment to free and open trade and investment on a comprehensive and mutually beneficial basis. To the forefront of our negotiations will obviously be what is in Australia's best interests.

The Coalition Parties also believe that there should be a stronger, more direct, higher profile and permanent mechanism for dialogue between the region's business and political leaders.

We welcome the initiatives taken over recent years to build a stronger network of association among regional business, and to encourage their input into the development of APEC priorities.

In my view, these initiatives could be taken further to enhance the involvement of the private sector on which the region's economic dynamism is, after all, built.

I believe that a permanent, higher level forum of regional business leaders should be established as the apex of existing regional business networks. Such a forum should be established and run by the regional business community and not by governments. It should be a part of the formal official decision-making process within APEC and there would be great benefits in it having annual meetings with regional Heads of Government following their Summit.

It is vital for the future of APEC that the business sector be involved at both the highest political level and at a formal working level with APEC initiatives.

Another major priority for a Coalition Government will be to expand the scope and closeness of our political relationships with regional countries, over and above the continuing dialogue on APEC.

This political interaction takes place at a number of levels.

At a bilateral level, there are always a wide range of mutual interests to be pursued and a Coalition Government will work to ensure that the channels of communication and exchange with regional governments are as close and as constant as possible, from Head of Government level, to Ministerial contact and to non-government exchanges. As an indication of the priority I give to these exchanges, you may have noticed that my Deputy, Peter Costello, was in Kuala Lumpur and Jakarta last week, and that Tim Fischer is currently in Jakarta.

I want to see our bilateral relations with the countries of the Asia-Pacific flourish and grow in as broad a way as possible. Our relationships with countries such as Japan, China, Indonesia, Malaysia, Thailand, South Korea and all the others of our region are critical in terms of both our foreign and domestic policies.

Taking these bilateral relationships forward is not just a matter of what governments do. Government leadership and encouragement are important and a Coalition Government will give both. But an increasingly vital part of our bilateral relations lies in the independent contact that is already developing between chambers of commerce, professional associations, cities, schools, universities, communities and people in Australia and in the other countries of our region.

These non-government contacts have the potential to transform the nature of Australia's regional relationships and a Coalition Government will be encouraging them as much as we can.

In terms of regional security, there are important initiatives to build on. The ASEAN Regional Forum is a particularly significant undertaking for confidence-building and holds out important prospects for expanding cooperation on issues such as maritime security, industry joint ventures and exchanges of information.

I believe it can be an important complement to the existing network of regional arrangements, in many of which Australia is directly involved.

Along with many others, I am especially concerned by the recent escalation of tensions between a number of regional countries over territorial and resource claims in the South China Sea and over the Spratly Islands in particular. In the post-Cold War world, regional tensions of this kind can develop their own momentum and regional countries must develop their own crisis-management mechanisms, either through existing multilateral or new regional dispute-settlement procedures.

I very much hope that the tensions in the South China Sea can be resolved in the near future through such mechanisms.

I am also very concerned, of course, about the ongoing level of instability and violence in Cambodia, the nuclear brinkmanship of North Korea, and other regional security problems and I hope that multilateral and expanding regional security cooperative mechanisms can assist in resolving them.

The issue of human rights is also relevant to developing our regional relationships.

Australia has long upheld the significance of internationally recognised minimum standards of human rights and the need for them to be respected and that commitment will continue.

Where there are clear violations of these universal standards, a Coalition Government will take them up directly with the government concerned.

What is also clear is that, to be effective, a concern for human rights cannot be pursued in a narrow, legalistic way or as an end in itself

In this area, as in so many others in foreign policy, the need is one of balance and integration with other concerns and interests that together constitute Australia's vital national and international interests.

That balance and integration, built on mutual respect, will be a goal of a Coalition Government because it offers the best prospects for advancing the broad range of Australia's international interests.

Another important link with Asian countries -- in fact all countries -- is the approach to immigration. We will follow a completely non-discriminatory immigration policy. Within that umbrella approach, the total number of migrants, as well as the level within specific categories, must be geared to Australia's national interest and there should always be an allowance made for genuine refugees.

I wish to touch on one final priority for a Coalition Government in respect of its Asia-Pacific policy.

The success we have in meeting our regional aspirations will not be a measure of action by our government, but action by our people -- people in businesses, large and small, people involved in expanding cultural, educational, tourist and other ties, people in fact from every walk of life.

A major priority for a Coalition government will be to liberate the talents of our people in expanding interaction with our regional neighbours.

And we have extraordinary community resources, both already existing and potential, to help achieve that goal.

We have many Australians able to contribute with special language, cultural and trade expertise in respect of our region. This is a vital national resource and one which is often overlooked. An admittedly partisan example here is Andrew Thomson, who was so resoundingly elected at the weekend as the Liberal Member for Wentworth. Andrew is fluent in both Japanese and Mandarin and has lived and worked for a number of years in Japan. He is part of the new generation of Liberal Members now coming into Parliament.

And we have great potential to build on these resources in the future through Asian language training in our schools and through greater awareness within our community generally of the rich potential that exists for greater interaction between our societies.

A Coalition Government will be committed to expanding and realising the full potential of these vital community resources.

Conversely, of course, I was concerned to read this week of an Australian Government study which showed that there is still a very outdated image of Australia's economic capacities among a majority of Asian business leaders. A Coalition Government will be committed to encouraging, throughout Asia, a realistic understanding of the extraordinarily broad capacities of Australia's value-adding industries.

Over recent years a new era of international relations has begun. The Cold War has ended, economic globalisation has accelerated, 'borderless economies' have grown from theoretical concepts into realities in many respects and regional cooperation has taken on a new momentum.

Australia's prospects in this new era are bright and dynamic. We have natural and human resources to more than match the challenges ahead.

Our relations with Asia will be the fulcrum of our foreign policy for many years to come and the potential two-way benefits are greater than they have ever been.

I give you an assurance tonight that a Coalition Government has the vision, the resolve and the priorities to realise those benefits, to enhance our regional relations and to advance Australia's interests.