

## AUSTRALIA'S RELATIONS WITH SINGAPORE

Address by Senator Gareth Evans QC, Minister for Foreign Affairs and Trade, to the Singapore Australian Business Council and Foreign Correspondents' Club, Singapore, 27 October 1988.

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This is my first visit to Singapore as Minister for Foreign Affairs and Trade and the priority I have given it illustrates, I hope, the importance that Australia attaches to its relations with its South East Asian neighbours.

Connections between Australia and Singapore - political, economic, military and personal - go back many years. The Australian representative office in Singapore which was established in September 1941 was one of our very earliest foreign posts, and as such one of our earliest ventures in the pursuit of an independent non-British foreign policy: by comparison, the first Australian office in New Zealand was only opened in 1943. Apart from the later wartime years we have had a continuous official Australian presence here.

We already have very extensive personal contacts between us - among political leaders (not least your Prime Minister, who is a very old friend), traders and business people, educationalists, students and tourists. Singapore is still a major stopover point for many airline services to and from Australia (Singapore Airlines and Qantas operate 40 a week between them), making frequent and regular contact relatively easy. More than half a million overseas visitors, and another half a million Australians, travel to or from Australia each year through Singapore.

Most of us here would also be very conscious of the personal links which have grown from the education in Australia of numerous Singaporeans, many of whom now occupy prominent places in public and commercial life. This process continues today with some 1200 Singaporeans studying in Australia, many in Western Australian institutions. An increasing number of them are going to Australia as full fee students.

Another dimension to our relationship exists through shared regional interests. We both are concerned to uphold regional security. The most tangible manifestation of this for Singapore is Australia's participation in the Integrated Air Defence System under the Five Power Defence Agreement. In a wider sense, Australia's contribution to regional security is reflected in our support for a peaceful outcome in Cambodia and our policy on accepting Indochina refugees for resettlement in Australia.

Regional economic co-operation is also important for both of us as countries highly

dependent on international trade. Australia remains a strong supporter of ASEAN's economic objectives, and in particular our shared interest in freer world trade.

These guiding principles are gaining increased acceptance as the Western Pacific Rim region becomes more economically inter-dependent. Indeed, the very success of the region in world trade will ensure that our countries in the region will face increased pressure to review and change outdated policies which restrict the flow of trade and investment, and that lesson has not been lost on Australia - a theme I will return to in a moment.

In terms of our bilateral trading and financial relationship, it would be fair to say that the trade and investment flows are comparatively more substantial than elsewhere in the region, with each country's business scene familiar enough to the other

for the relationship not to require quite the kind of impetus that I have been seeking to promote elsewhere in the region. But, that said, the two-way trade between us is only worth \$A2.1 billion, just 2.5% of our total, and there is no doubt that in the dynamic regional growth environment there is new commercial potential to be explored.

Singapore, being the prime link and the entrepot port for the South East Asia region, has benefited remarkably from its policies of open markets and minimum government intervention in the economy, and has always been outward looking and conscious of the need to be internationally competitive.

The main point I want to make today, and it is one I have been making throughout my visit to the region, is that Australia has also very much joined the ranks of those countries which are seeking to promote a more outward looking and internationally competitive economy.

I fear that many of our ASEAN friends still see Australia in 1960s terms - that is, with a highly regulated economy, highly protected industries and a rigid approach to economic management.

I want to put that now false perception of Australia to rest. The Australian Government has embarked on new economic policies which mean no less than a major restructuring of the economy.

The Government recognises that if Australia is to take advantage of the growth occurring in the region, we must first improve our trading competitiveness in a range of manufacturing and service industries. Only in this way can we build the kind of diversified commercial relationship necessary for successful economic growth and further integration with the region.

One central element in our strategy has been the maintenance over the last five years of the complex Accord with the trade union movement, under which productivity, corporate profitability, inflation, investment activity and employment figures have all improved. The other central theme has been liberalisation and deregulation: initially through floating the exchange rate, removing all exchange controls and deregulating the financial sector. More recently, the Government announced in May this year a series of major micro-economic reforms, including the phased reductions of tariffs and elimination of all import quotas, as well as a review of company taxation. Even in the sensitive field of textiles, clothing and footwear, all quotas will disappear by 1995. The phased reductions in tariffs amount to lowering protection for manufacturing by about one third. At the same time, the Developing Country tariff preference has been retained.

This progressive liberalisation of Australia's import regime will continue to increase the opportunities for ASEAN countries in the Australian market. It occurs at a time when industrialisation in ASEAN as a whole is really beginning to take off. But we can each only succeed if our access to export markets continues to improve.

As ASEAN countries seek out new markets, particularly in the context of possibly slowing demand in the US market, I ask you not to overlook the large market to the south of the region. After all, at \$A40 billion, Australia is the fifth largest import market in the Western Pacific Rim.

May I sum up by saying simply this. To date our performance in each other's market has been disappointing, and we have looked at each other in narrow and somewhat blinkered terms. It is time for a reassessment, and I would certainly urge the business communities of both countries to examine more closely the new commercial potential now existing in both the bilateral and regional relationship.

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