

## THE FIRST ASEAN-AUSTRALIA FORUM

### A Long-Standing Friendship

The Association of South-East Asian Nations was established in 1967. In 1974, Australia became the first country to establish formal relations with it as an association. The first ASEAN-Australia Forum took place in Canberra in the same year, and subsequent ones have been held fairly regularly in both ASEAN and Australian cities.

Trade links between ASEAN nations and Australia have grown markedly, to the point at which trade between them exceeded \$A8 billion for the first time in 1990.

Over the most recent years, the relationship has matured and grown more sophisticated. The donor-recipient attitudes which characterised elements of the dialogue in past years have been overtaken by discussions of mutually beneficial cooperation and technology transfer.

At the same time, the commercial dialogue is moving away from the concentration on ASEAN concerns about access to a relatively closed Australian market. The Australian commitment to an open market has allowed the dialogue to turn to more forward-looking discussions covering the opportunities created by regional economic developments and the national economic policies of the seven Governments.

The 13th forum, in Singapore on 17 and 18 May last year, began a process of more detailed exploration of the specialist fields of science and technology, education, telecommunications and environment. It welcomed the growth in two-way trade but noted the drop in Australian investments in ASEAN.

The Report of the ASEAN-Australia Economic Cooperation Program Joint Planning Committee was endorsed; the report reviewed the progress of AAACP II (under which Australia is contributing \$35 million over a period of five years), and identified new projects or extensions of projects for consideration and implementation.

The ASEAN-Australia Business Council (AABC) took part in the 1990 forum for the second year running; it will do so again this year. Both ASEAN and Australia remain committed to the expansion of the private-sector role in the ASEAN-Australia dialogue through substantial participation in the forum.

The 13th forum also saw an exchange of views on international and regional developments and their potential implications for the ASEAN-Australia relationship. Important issues included the need for a successful outcome of the Uruguay Round, information technology and the rapid growth of trade flows within the Asia Pacific region.

#### The 14th Forum

This year's forum continues the trend towards a more specialised approach. In order to sharpen the focus, the areas of interest

raised in 1990 will be covered in workshops on education, the environment and science and technology, as well as a specialist group discussion on telecommunications. Traditional areas of interest will again be canvassed in a joint business-government session and a working group on trade and related matters. Through this process we hope to be able to provide an opportunity for close discussion of a wider range of issues than has been possible in plenary sessions.

In addition to private-sector representatives who are to attend the forum as a whole, the specialist discussions have attracted a number of business representatives with an interest in specific areas, such as telecommunications. This representation of specialist business interests parallels the attendance of government experts and provides opportunities for the development of cooperative efforts in specific projects and enterprises, to the mutual benefit of all.

## TRADE AND ECONOMIC ISSUES

### The Australian economy

Since the early 1980s, Australia has consistently pursued an economic strategy designed to lay the foundations for sustained economic growth by improving economic efficiency through microeconomic reform and achieving lower inflation and a better trade performance.

Partly as a result of a tightening monetary policy during 1988-89, the Australian economy moved into recession in the second half of 1990. Since that time, the trade balance and the current-account deficit have improved, though spending on imports has remained stronger than might have been expected.

Inflation fell through 1990 from 8.6 per cent to 6.9 per cent, close to overseas inflation rates. Export receipts have remained strong despite the weak international commodity prices that have affected both ASEAN countries and Australia.

In response to the deterioration in economic activity, the Government has acted to ease its tight monetary policy. At the same time, it continues to pursue its strategy of economic restructuring. Its industry policy was set out in the Prime Minister's Economic and Industry Statement in March.

### Tariff and non-tariff barriers

Australia's determination to restructure the economy through a wide-ranging program of microeconomic reform has led to the abolition or reduction of many of the protective and other measures that have long been a source of concern to ASEAN nations.

Measures already taken include taxation reform, financial-sector deregulation, relaxation of foreign-investment guidelines, aviation deregulation, reform of Government Business Enterprises, across-the-board tariff reductions, telecommunications-sector restructuring and reform of the labour market and the waterfront.

The Economic and Industry Statement committed Australia to further reductions in tariffs: tariffs already reducing to 15 per cent and 10 per cent by 1992 will be reduced to 5 per cent by 1996. Tariffs on textiles, clothing and footwear (TCF) also will be further reduced, to 25 per cent (developing-country preference 20 per cent) for apparel and 15 per cent (developing-country preference 10 per cent) for footwear by the year 2000. These changes go further than the reductions suggested by ASEAN at the 11th, 12th and 13th forums. Furthermore, the decision in the March statement to accelerate the reduction and termination of TCF quotas also meets the requests made by ASEAN at the same forums.

These and other tariff and bounty reductions will, by the end of the 1990s, make the Australian import regime one of the most liberal in the world. ASEAN nations are uniquely situated to take advantage of the opportunities offered by these changes.

With the deregulation that is taking place in the Australian economy and the continuing strong growth of ASEAN countries, the economic dialogue is moving away from the long-standing focus on access to Australian markets and on Australian assistance to ASEAN. While both of these topics are likely to remain on our agenda for some time, the future of the dialogue clearly lies in the specialist discussions and the private-sector participation that are becoming a feature of the ASEAN-Australia Forum.

#### The role of the private sector

After a 1987 decision by ASEAN Heads of Government, 27 private-sector representatives attended the 12th forum in 1989; 23 attended the 13th. Unfortunately, it is likely that numbers of business representatives from the AABC will be lower at the 14th forum.

On the other hand, this forum will see the attendance of business representatives specifically in order to take part in an individual workshop. This development reflects the growing complexity and specialisation of the forum. It will also allow better concentration on opportunities for cooperation between government and business on specific projects and help to identify areas in the ASEAN-Australia relationship that require further attention.

#### AABC proposals

An important common theme of the presentations made to the 13th forum by the ASEAN and Australian sections of the AABC was the need for greater information flows and exchanges of views between governments and the private sector.

The ASEAN sector also sought investigation of the reasons for the slow rate of Australian investment in ASEAN and encouragement of increased investment, as well as the promotion of tourism and the lowering of tariff barriers as elements in bold programs in both ASEAN and Australian Governments to deregulate and liberalise their economies.

In order to promote ASEAN-Australia investment and fulfil the perceived need for better information flows, Australia proposed at the most recent Joint Planning Committee meeting that the proportion of funds for the Trade and Investment Promotion Program (TIPP) devoted to investment be increased to a minimum of 60 per cent during the last two years of AAACP II.

In relation to the promotion of tourism, Australia is prepared to consider new proposals aimed at encouraging two-way tourist growth and liberalising visitor flows; it is already moving towards a more liberal aviation approach, its own domestic aviation having been deregulated in 1990.

ASEAN and Australia have long been committed to an expansion of cultural ties as urged by the AABC. During the financial year 1990-91, Australia will spend over \$A510 000 on a variety of cultural programs with ASEAN countries. This is more than a quarter of Australia's budget for cultural relations with various countries.

A wide variety of cultural exchanges is included in this program: at this moment, two major Australian art exhibitions are touring ASEAN countries - one of Aboriginal art and one of Australian contemporary art. Australia has had a Cultural Awards Scheme in place since 1970, and 15-20 writers, artists and arts administrators from ASEAN countries visit Australia each year under this program. Australia also encourages and supports visits to ASEAN countries by Australians in similar fields.

A final example of the cultural exchanges that Australia promotes: Australia is to provide specialised coaching to ASEAN athletes in certain sports over the next two years leading up to the Asian Games.

Australia has on several occasions expressed its desire to develop cultural exchanges further through participation in ASEAN Cooperation in Culture and Information (COCI).

#### Trade and investment

ASEAN has voiced concern in previous forums about the rate of direct Australian investment in ASEAN. Despite a great increase in trade, Australian investment in ASEAN actually declined over the five years from mid-1984 to mid-1989, from \$1.6 billion to \$1.4 billion. However, there are signs of improvement; over the latest year for which figures are available, 1988-89, investment in ASEAN increased from a low of \$1 billion to \$1.4 billion in 1989.

ASEAN investment in Australia shows an opposite trend: over the five-year period, investment increased marginally, from \$7.2 billion to \$7.3 billion, though after peaking at \$10.4 billion in 1987 it declined to \$8.1 billion in 1988 and \$7.3 billion in 1989.

Although the statistics show a large imbalance, it is noteworthy that while ASEAN investment has largely been in equity - real estate, the money market and the stock market - Australian investment in ASEAN has been as venture capital in fields such as industrial technology, minerals exploration and other forms of manufacturing.

Certainly overall investment flows remain low - in both directions. Australia's proposal to use TIPP to promote two-way investment would be of mutual benefit in improving investment flows.

Trade, on the other hand, shows a healthy growth. Over the last five years to 1990, two-way trade has shown an annual growth rate of 17 per cent. The total reached \$8.7 billion in 1990, of which exports to ASEAN comprised \$5.7 billion and imports from ASEAN \$3 billion. ASEAN is now Australia's fourth-largest trading partner after Japan, the European Community and the United States. It is a more important export destination than the US. 11 per cent of Australia's exports go to ASEAN, and 6 per cent of imports come from there.

The nature of trade is also changing and diversifying. While the annual growth rate for 1985-90 was 17 per cent, manufactures showed an annual growth rate of 22 per cent, compared 9 per cent for primary products. It is clear that the trade is diversifying as it increases. Manufactures now make up 40 per cent of total trade, compared with only 32 per cent in 1985. It is also worth noting that manufactures have risen from 37 per cent to 51 per cent of ASEAN exports to Australia over the past five years.

#### Australia-New Zealand Closer Economic Relationship

ASEAN has consistently voiced its concerns that the bilateral tariff cuts between Australia and New Zealand which form an important part of the Australia-New Zealand Closer Economic Relationship Trade Agreement (ANZCERTA) could have a detrimental effect on ASEAN exports to the two countries. However, since ANZCERTA was signed in 1983, ASEAN exports to Australia have grown at an annual rate of about 19.4 per cent compared with 18.5 per cent for New Zealand.

The liberalisation of trade in goods across the Tasman and the consequent growth of a more efficient export sector in Australia will serve to benefit ASEAN producers of intermediate goods. The Australian commitment to an open market and the reduction of tariff and non-tariff barriers has led to a large reduction in the comparative advantage implicit in ANZCERTA.

#### INTERNATIONAL ECONOMIC ISSUES

##### Asia-Pacific Economic Cooperation (APEC)

Australia looks forward to cooperating with ASEAN in continuing the development of the APEC process. It is encouraging that the last senior officials' meeting showed a willingness to initiate work on the scope for trade liberalisation in the region.

The high level of support and involvement from all APEC countries, and the central role being played by ASEAN, will help ensure that the APEC work program generates concrete results.

ASEAN and APEC have complementary and mutually supportive roles as forums for cooperation in the region.

#### Uruguay Round

Both ASEAN members of the General Agreement on Tariffs and Trade (GATT) and Australia have demonstrated their commitment to achieving a positive and concrete outcome to the Uruguay Round negotiations. As the round has progressed, their involvement has spread beyond the commodity issues of greatest concern to Australia and the ASEAN GATT members, but also to the issues that show clear signs of further increasing importance in the future, such as services and intellectual-property rights.

#### Cairns Group

The Cairns Group has played a central role in the Uruguay Round, and the ASEAN members of the group, with a diversity of membership which highlights the broadly held concern for reform of international agricultural trade, have done much to strengthen the group's position.

Through its collective efforts the Cairns Group has become the "third voice" in the negotiations, along with the US and the EC, and ensured that the pressure for real reform to the agricultural trading system has been at the forefront throughout the negotiations.

#### Commodity issues

For the coming year (1991-92), world price prospects for both ASEAN and Australian commodities are relatively poor. Both ASEAN and Australia continue to seek the elimination of the trade-distorting policies of the major industrialised countries and to bring about more favourable conditions for commodity trade.

Australia has responded to the request made by ASEAN at the 13th forum for information about the non-tariff-measures (NTM) status of a range of commodities. Australia has asked for clarification of the ASEAN request for training of officials in the minerals sector.

#### AUSTRALIA-ASEAN ECONOMIC COOPERATION PROGRAM

The AAACP was established in 1974 as a regional program the main purpose of which was to support regional cooperation among ASEAN countries. Since then it has broadened in order to strengthen ASEAN-Australia economic cooperation. Phase II of the AAACP began in 1988 and now has an annual budget of \$7 million, including the Trade and Investment Promotion Program, which assists ASEAN exports to Australia and promotes Australian investment in ASEAN.

The program of activities for Phase II was determined at the JPC meeting in 1989. It was agreed that AAACP should concentrate on fewer, larger and more cost-effective projects concentrated in two areas: food and agriculture, and science and technology, with a shift from the former to the latter over time.

Satisfactory arrangements are now in place for 1992-93 and 1993-94, so that Phase II of AAACP - the five years from 1988-89 to 1993-94 - has been fully programmed. Progress has been slow on finalising normal privileges/immunities arrangements, and the question of the protection of intellectual-property rights has not yet been resolved.

The current phase of AAACP is due to conclude in June 1994. At the joint planning committee meeting held in Singapore on 10 and 11 April 1991, ASEAN agreed in principle to a review being carried out in the next financial year which will consider and set in place post-Phase II arrangements. The draft terms of reference (currently being considered by ASEAN) would include an assessment of all aspects of ASEAN-Australia relations relevant to economic cooperation.

#### Trade and Investment Promotion Program

Against the background of the changed regional trade and investment environment since TIPP was introduced in the 1970s (including ASEAN's increased trading strength and Australia's industry and tariff restructuring), Australia proposed at the most recent JPC that investment constitute a minimum of 60 per cent of TIPP activity in the final two years of Phase II. While ASEAN did not respond substantively, it requested that individual countries' TIPP programs vary with their own needs and priorities and agreed to the composition of TIPP for the final two years of Phase II being determined at a TIPP planning meeting in September or October 1991. The future of TIPP beyond Phase II will be subject to the review of AAACP as a whole to be undertaken in the next financial year.

#### In conclusion...

The ASEAN-Australia dialogue is becoming increasingly sophisticated as the relationship matures. The forum itself has become more complex in response to changing demands on the dialogue, with the increasingly specialised nature of some parts of the forum agenda and the participation of representatives of the private sector.

The trading environment between ASEAN and Australia is becoming increasingly liberal, and the relative importance of private-sector activity to strengthen the trade and investment relationship is growing as the need for government measures decreases. The ASEAN private sector is growing in strength, and it and the Australian private sector have much to contribute to the deliberations taking place at the forum. In these circumstances, the forum needs to look forward to ensure greater meaningful private-sector participation in the ASEAN-Australia dialogue.

As the economies of ASEAN grow and Australia creates a more liberal economy, there is an increasing number of specialist areas in which the forum can seek to make use of the cooperative nature of the dialogue to the mutual benefit of all parties. Rather than emphasising the familiar issues of previous forums which are already being addressed by governments and overtaken by events, the 14th forum will work to serve the future interests of ASEAN and Australia by devoting its attention to identifying new areas of potentially fruitful cooperation.

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## Growing ASEAN-Australia Links

*Following is the text of a speech given by the Minister for Trade and Overseas Development, Dr Neal Blewett, at the opening of the ASEAN-Australia Forum in Canberra on 22 April 1991:*

On behalf of the Australian Government I would like to welcome you to Canberra for the 14th ASEAN-Australia Forum. In my 12 months as Trade Minister I have visited all but one of the ASEAN nations and I look forward to developing the friendships I have made not just in my continuing responsibility as Minister for Trade but also in a relatively new role, that of Minister for Overseas Development.

Australia places particular emphasis on its relations with the members of ASEAN and was the first country to establish a dialogue relationship with ASEAN. Since that time, we have seen ASEAN develop and mature to the point where it is now an established and effective regional organisation of major importance in international affairs. The ASEAN post-ministerial conferences have become the most important regional gathering not only for Australia but also for the United States, Canada, the European Community, Japan and New Zealand.

The success of ASEAN as an institution can be measured not just by its high standing in the international community but also

by the extent of the cooperation among its members. The most prominent examples of this cooperation have been political - witness the agreement between ASEAN members on issues such as Cambodia and the Indo-Chinese-refugee problem. But ASEAN cooperation is wide-ranging, extending into areas as diverse as trade, energy, commodities, social welfare, culture, labour affairs, education, the environment, youth development and science and technology.

Also important has been the effort which has gone into developing intra-ASEAN economic cooperation. It would not be unfair, I think, to say that in the past there have been some problems in this area, but last year's ASEAN economic ministers' meeting clearly recognised the need for a bolder, more innovative approach to intra-ASEAN economic cooperation.

The bilateral and trilateral economic cooperation which ASEAN has fostered is also very promising. A good example is the "triangle of economic growth", an innovative concept in regional economic development involving Singapore, the Indonesian province of Riau and the Malaysian State of Johore.

Australia, too, can profit from this type of cooperation between the ASEAN nations. Increased prosperity will open up new export and investment opportunities and the possibility of joint-venture projects to further develop infrastructure.

Australia and the ASEAN nations already enjoy substantial and growing economic links. Just over 11 per cent of all Australian exports now go to the ASEAN countries, compared with 6.5 per cent in 1986. Imports from the ASEAN countries in 1990 were worth some \$3 billion and accounted for about 6 per cent of all Australian imports - up from 5 per cent in 1986. The growth in trade has not been confined to goods - tourism has also been expanding rapidly.

Australian business has already been taking advantage of the opportunities offered by your dynamic economic growth. Let me briefly mention some recent success stories. OTC International, the Australian Overseas Telecommunications Corporation, has had a major role in developing telecommunications in Thailand, and, using Bangkok as its base, has entered into contracts in Indo-China. Kinhill engineers are providing a wide range of engineering services in Indonesia from their Jakarta operations. P and O Australia has won major contracts for the development of port facilities in Malaysia and the Philippines. MEGADATA first secured a contract for its power-station control system with MERALCO, the Manila electricity authority, and on the basis of its success in the Philippines secured a contract with the Electricity Generating Authority of Thailand.

The ASEAN-Australia Economic Cooperation Program, which began in 1974, has aimed at strengthening intra-ASEAN and ASEAN-Australia relations through economic cooperation. Australia has provided about \$100 million for the program. Phase I of the AAECF program has been successfully completed. Phase II concentrates on science and technology and food and agriculture projects, as well as trade and investment promotion.

The trade and investment links between Australia and the ASEAN nations will continue to grow, encouraged not only by geographic proximity but also by the dismantling of the protective barriers which have traditionally sheltered Australian industries from international competition. In a major economic statement on 12 March, the Australian Prime Minister announced a further round of tariff cuts which build on substantial reductions announced in 1988. As a result of these tariff cuts the protection provided to Australian industry, including those sectors which have in the past enjoyed heaviest protection such as the textiles, clothing and footwear and motor vehicles industries, will be reduced to very low levels. The average most favoured nation tariff on all imports will fall from about 18 per cent in 1987-88 to under 5 per cent by the year 2000. In 10 years Australia will have one of the most open economies in the world. The members of

ASEAN are well positioned to take advantage of this.

The process of liberalisation cannot be a one-way matter. The Australian Government has told Australian business that it will have to become more competitive to survive the changes in our tariff structure. Australian business for the most part is prepared to meet that challenge. Australia will be looking to you in our exchanges in the Uruguay Round, and in our bilateral trade exchanges, to move in the same direction.

The Uruguay Round now offers an opportunity for countries in the region to obtain binding GATT commitments in the Australian market. In return for that Australia will be seeking significant tariff and non-tariff liberalisation in ASEAN markets. The extent to which we will all judge the Uruguay Round outcome as a success will depend in no small measure on the degree of liberalisation achieved in trade in our region.

Clearly there is more that can be done to develop our economic links. The level of Australian investment in ASEAN is disappointing. However, it is used as venture capital in areas vital to economic development. Similarly, although Australia's trade with the ASEAN countries has risen significantly in value over the past few years, our share of ASEAN's trade has remained constant.

The Australian Government is committed to making Australia more business-oriented and more export-oriented, and to looking particularly to our own region for trade and investment opportunities.

We have made new decisions recently in order to facilitate the involvement of Australian business in Asia. In his statement last month the Prime Minister announced a new program of fellowships so that Australian businessmen and women can have direct working experience in the Asia-Pacific region.

The Prime Minister also announced that the restructuring of the Australian Trade Commission would result in a substantial increase in the resources which this body allocates within ASEAN.

You will therefore find the Australian Government and private sector willing partners in efforts to build economic bridges within the region. We are confident that the ASEAN-Australia Business Council will continue to play a productive role in developing private-sector contacts between Australia and the countries of ASEAN to promote trade and investment and other commercial activities.

We need also to remember that Australia-ASEAN economic relations are vitally affected by the wider international economic framework. Australia has worked actively with the ASEAN countries to stem the current tide towards protectionism and to maintain the open, multilateral trading regime which is so vital to our economic future. As I have said on many occasions, failure to complete the Uruguay Round will prove very costly, particularly for those countries which have relatively little economic clout - and that includes Australia and the members of ASEAN.

Broader regional organisations such as APEC have an important role to play in stemming the tide towards protectionism, and Australia has been delighted with the support APEC has received from the countries of South-East Asia. As the Secretary of my department, Mr Richard Woolcott, said in Bali recently, a continuing close relationship with ASEAN will remain fundamental to APEC's development. The Australian Government believes firmly that APEC and ASEAN are mutually reinforcing and have a complementary role to play in freeing up international trade and in pursuing regional economic development. From the very beginning we were determined that APEC should meet ASEAN views and concerns and take account of the interests of its members.

I have also been involved personally with most of the members of ASEAN in the Cairns Group of Major Agricultural Exporting Countries. Our cooperation has greatly enhanced our individual interests in a fair outcome of the Uruguay Round for

our agricultural exports. The success of this cooperation, as well as the development of APEC, points to another goal for Australia and ASEAN - to continue to identify areas of mutual interest in which we can cooperate and build coalitions of interest and so increase the effectiveness of our individual efforts.

Trade, investment and economic cooperation are, of course, not the only areas in which Australia and the countries of ASEAN benefit from cooperative programs. Over the past few years Australia has also paid particular attention to the expansion of cultural contacts and other people-to-people links with the ASEAN countries. Organisations such as the Australia-Indonesia Institute and our significant cultural programs in each of the ASEAN countries are playing an important role in this respect, strengthening ties in a wide range of areas, including the media, law, health and sport.

We have established the Australia Abroad Council as an umbrella organisation to help coordinate our efforts in this area. Our aim is to encourage our neighbours to see us as a natural part of the region, and to foster in Australia a greater understanding of the cultural differences and sensitivities of our neighbours, as well as respect for their values and unique ways of living, just as we hope our neighbours will come to understand and respect our own unique culture. We recognise that the future of our society and our economic prospects depend on Australia becoming less insular and more integrated with our region.

ASEAN-Australia dialogue has developed significantly over the past few years and now covers a wide range of regional and global issues. We have worked together on Cambodia, and the Australian Government has been gratified by the ready hearing we have been given in ASEAN capitals on the question of a comprehensive peace settlement. ASEAN nations and Australia have also cooperated closely to prevent the proliferation of nuclear, chemical and biological weapons. The second regional seminar against chemical weapons held in Brisbane late last year proved again the willingness of the ASEAN nations to work towards a chemical weapons-free region and the conclusion of the global chemical weapons convention. And we welcome the vigorous discussion at last year's ASEAN post-ministerial conference in Jakarta on regional security issues. We believe the development of a dialogue on these issues is inevitable and important, given the rate of change in the global and regional order in the past few years.

Cooperation between Australia and the members of ASEAN also remains central to continuing progress on the comprehensive plan of action to deal with refugees from Indo-China. We share with ASEAN the logic and inevitability of the repatriation of those refugees who cannot satisfy accepted criteria for refugee status.

Finally, Australia and the members of ASEAN enjoy a growing dialogue on environmental issues. Australia is keen to work with ASEAN countries to develop and market environmental management techniques and environmental technology in areas such as climate change, biological diversity and waste disposal.

These broad-ranging ties between Australia and South-East Asia - be they economic, cultural, social or scientific - can only continue to increase. One of the goals Prime Minister Hawke has set for Australia in the 1990s is to become "a more self-confident and vigorous participant in the dynamism of our region". If it is true that we have some way to go in this regard, it is equally true that a lot has been achieved. It would be a mistake to see Australia as still being an isolated outpost of Anglo-Saxon society. Australia has changed dramatically, economically and socially, over the past 20 years. We are now a culturally diverse, outward-looking nation, willing and ready to be an active participant in the affairs of our region. The strength of our relationship with the nations of South-East Asia will be vital to our success in this endeavour.

## Room To Forge Stronger Bonds

*Following is the edited text of Australia's opening statement to the Forum, delivered by the Australian Co-Chair and Deputy Secretary of the Department of Foreign Affairs and Trade, Mr Mike Lightowler:*

On behalf of the Australian delegation to the 14th ASEAN-Australia Forum I would like to reinforce the words of welcome extended earlier to our ASEAN guests by Dr Blewett. It is our pleasure to be able to welcome you to Canberra. We hope this year's Forum will be as friendly and as productive as the 1990 Forum hosted so splendidly by Singapore. Dr Blewett has set this Forum in the framework of Australia's involvement in regional economic Forums, and of the interests we share with ASEAN in international and regional economic issues. I am sure you will agree that our Forum discussions form an important link in this framework.

I will not go over this ground again, but let me mention briefly some of the main elements in economic relations between ASEAN and Australia which I think are particularly relevant to our discussions over the next two days. Australia's interest in and commitment to ASEAN remain strong and our involvement in ASEAN activities continues to deepen. This reflects the increasing awareness here in Australia of the importance of the region to us both politically and economically. This awareness has not been backed up by substantial trade and investment links to the full extent the Australian Government would wish, although the economic relationship between Australia and ASEAN has continued to grow rapidly. In the period since we last met in Singapore, as indicated by our trade statistics for 1990, the trade between Australia and the ASEAN countries has increased by 14 per cent, compared to an overall growth in Australia's overseas trade of 2.1 per cent. The significance of this growth is further accentuated by the fact that Australia's trade with the ASEAN countries now places them fourth among Australia's trading partners, after Japan, the EC and the United States.

It is even more gratifying to note that of ASEAN exports to Australian markets, the share of manufactured goods increased from 37 per cent in 1985 to 51.4 per cent in 1990, and now therefore stands at more than half ASEAN's exports to Australia. Our bilateral trading relationship is clearly keeping pace with the spectacular growth of the ASEAN economies, but it is disappointing to us that Australia's share of ASEAN markets, while we have held our own, has not grown. It is up to Australia's exporters to improve our stake in your economic growth.

It would be even more encouraging to report that Australian investment in the ASEAN countries had shown similarly strong growth. However, overall Australia does not rank highly among investors in the ASEAN countries. The Australian Government seeks to encourage Australian investment in the ASEAN countries; it is also of course essential that Australian investors feel confident that Government policies in the ASEAN countries should welcome and facilitate foreign investment. There has been much progress along these lines in recent years.

We in Australia therefore feel that there is much work still to be done by Government and business to match our trade and investment links to our increasing sense of identification with the region, and our awareness of its rapidly increasing economic opportunities. This, then is the focus we see for this Forum: recognition that much has been achieved in economic cooperation between ASEAN and Australia, accompanied by awareness that there is much we can still aim for.

I am sure we all agree that the contribution of our annual Forum discussions to the growth of our economic cooperation and adaptation to economic changes in the ASEAN countries and Australia will be vital to the continuation of the Forum's central role in the relationship between ASEAN and Australia. It is very

good to note that although the Forum process began at a time when the focus of our relationship was naturally on forms of development assistance and questions of market access, the growth of the ASEAN economies and the liberalisation of the Australian economy have brought us to a stage where we can truly speak of the relationship as based soundly on cooperation for mutual benefit. It is in this spirit that we have all approached the preparation of the format and agenda for this year's Forum.

The overall outcome we are all seeking from this Forum is a renewal of the sense of mutual benefit and growth in the ASEAN Australia relationship, and in particular a revitalized conviction by the ASEAN and Australian private sectors about the value of their participation in the Forum. For this reason we have all agreed that the private sector representatives should have the full opportunity to participate in all aspects of the Forum. I look forward to developing some of these points as we deal with the next item on our agenda, the overview of the ASEAN-Australia relationship. They will be particularly important when we come this afternoon to the joint business-government session, which will be a very important part of our Forum. The continuing interest of the private sectors in both Australia and the ASEAN countries will be vital to the continuing vitality of the Forum process itself. We will be looking particularly at the development of opportunities for Australian companies to participate more in the dynamic ASEAN economies, as well as market opportunities in Australia for the products of the ASEAN countries.

This theme of cooperation for mutual benefit will also feature strongly in our workshops. The evolution of the workshop process and its new agenda items has been the strongest element in the development of the Forum process resulting from our two past meetings. Over this period we have agreed to add new areas of discussion to our agenda, expanding further the substance of the relationship. Following the discussion of environmental matters, education and science and technology at the Singapore Forum last year, we will be holding workshops on these subjects here, and as a result of our discussion of telecommunications last year, telecommunications will be the subject of a specialist group discussion.

The outcomes we will be working towards, on the basis of our agreement on the agendas for these workshops, will build substantially on the progress made at the last two Forums in these new areas. In the case of the specialist group discussion on telecommunications, we see this as providing an ideal opportunity to debate and discuss issues which affect telecommunications policy and regulatory frameworks throughout the region. The outcome we will work towards will be identification of the scope of the policy development in each country to develop trade in telecommunications services and equipment.

At the education workshop, the Australian side will be hoping for agreement in principle on the value of the concepts which we will present, and on further investigation of our proposals which build on the valuable discussion of the relevant issues at last year's Forum. In particular, we would hope that we will be able to agree on the holding of a feasibility study mission to pursue the regional concepts paper, and a regional conference to consider the institutional links proposal.

At the science and technology workshop, we intend to build on the work of the contact group at last year's Forum by exploring wider issues of science and technology collaboration. We hope that the outcome of this workshop will be agreement on new forms of collaboration drawing on our joint resources.

We approach the environment workshop in the expectation that it will be a fruitful exchange of views on this area of new international attention. Our primary aim is to exchange perspectives on the United Nations Conference on the Environment and Development which will be held next year. We will also be

working towards new mechanisms for regional cooperation on environmental matters, and discussing the private sector's role in environmental management. Australia like the ASEAN countries has turned government-level attention strongly towards environmental matters in recent years. I think it is not too strong a statement to say that the vitality and relevance of our dialogue relationship will depend on its ability to deal with such significant new issues on the regional and international agenda vigorously and on the basis of the mutual benefit I referred to earlier.

We have designed an agenda for this Forum that will bring our dialogue process to a new level of vigour and mutual benefit. The outcomes we are working towards should show our colleagues with interests in the sectors we will be discussing, and our friends in the private sector, that the ASEAN-Australia relationship has a central role to play in our national economic interests and the development of regional economic cooperation.