

15 JAN 1996

Mahathir-Australia (With Pix)

MALAYSIA-AUSTRALIA TIES NEED TO BE FURTHER DEVELOPED, SAYS MAHATHIR

KUALA LUMPUR, Jan 15 (Bernama) -- Malaysia and Australia need to further develop their relationship and avoid or at least limit the type of hiccups which off and on bedevil the ties, Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight.

He said the principle of mutual respect should be adhered to by all parties if Malaysia and Australia wanted to build and maintain a strong relationship.

Dr Mahathir said hiccups in bilateral relations had occurred but they had not affected the substantive aspects of the relationship.

"It is a credit to both countries that good sense has prevailed each time...It is perhaps also a measure of the maturity of our relations," he said at a dinner in honour of Australian Prime Minister Paul Keating at his official residence, Sri Perdana, here.

Keating arrived today for a two-day official visit, his first to Malaysia since becoming prime minister in 1991 and the first by an Australian leader in 13 years.

Ties between Kuala Lumpur and Canberra were strained on many occasions, notably when Keating described Dr Mahathir as "recalcitrant" for not attending the inaugural meeting of the Asia Pacific Economic Cooperation in Seattle in 1993.

Saying that Malaysia would like to think of Australia as a friend, Dr Mahathir said Malaysia-Australia relations went back a long way and had stood the test of time.

"There is certainly much to be proud of in respect of our relations. Nevertheless, they need to be further developed," he said.

Dr Mahathir said he agreed with Keating that there was a need for both sides to remove whatever preconceptions which could impede a clear view of each other.

"Malaysia is prepared to respond positively to such views," he said, adding that it was timely that misconceptions be removed and replaced with a more positive attitude in the conduct of the relationship.

He said it was also timely that negative actions "by those bent on sowing discord and misunderstanding be restrained so as to prevent similarly negative reactions from either side".

Dr Mahathir assured Keating that Malaysia would play its part in developing a climate of cooperation beneficial to both sides and expressed confidence that Australia would do the same.

He said Keating's visit represented an important milestone in the bilateral relations and it also reemphasised the common desire of both countries, despite their occasional differences, to maintain close and cooperative relations.

"We have had useful meetings in Auckland (during the Commonwealth Heads of Government Meeting) and Osaka (at the Apec informal meeting) recently and I look forward to having more discussions with you and members of your delegation tomorrow," the Prime Minister said.

Dr Mahathir said in moving ahead together, he was glad to note that the necessary framework for bilateral cooperation had been put in place.

On trade, he said it had increased to over RM5.1 billion for the first eight months of 1995 compared to RM4.1 billion for the corresponding period in 1994.

Malaysia is Australia's third largest Asean trading partner and its

11th largest export market.

Dr Mahathir said he saw tremendous potential in manufactured products accounting for a major portion of the two-way trade as the two countries take advantage of the benefits of the industrial development.

He said Malaysia was also looking forward to the satisfactory conclusion of a new trade agreement with Australia to provide greater impetus to the growth of bilateral trade.

Dr Mahathir said two-way investment had also seen encouraging progress where Australia was now the fourth largest investor in Malaysia with more than 200 companies with equity interest in Malaysia.

Malaysian investment in Australia also grew by 34 percent in 1994 to progressively cover new area, he said.

Dr Mahathir hoped that the potential for increased joint ventures could be further exploited by the private sectors of the two countries through closer collaboration between the Malaysian Industrial Development Authority (Mida) and the Malaysia-Australia Business Council.

On education, he said Malaysia will continue to send students to Australia while at the same time welcoming Australians to similarly pursue their studies in Malaysia. -- BERNAMA