

# Australia to forge ahead with bilateral trade deals

AUSTRALIA will forge ahead with bilateral trade deals with its neighbours despite the objections of countries like Malaysia, who want Canberra's East Asia role strictly limited, a senior diplomat said yesterday.

Australian High Commissioner to Malaysia Peter Varghese brushed off local critics' suggestions such deals will offer back-door entry to South-East Asia's planned free trade area.

"We think there's a role for bilateral free trade agreements," he said.

"We adopt a fairly pragmatic approach to that. If we can achieve trade liberalisation faster through a bilateral channel than multilaterally, then we'll look at it on its merits." Australia plans such deals with Singapore and Thailand, to the irritation of Malaysia, whose Prime Minister Datuk Seri Dr Mahathir Mohamad has long opposed giving Canberra too cosy a regional role.

"On that particular issue there is a real difference of view. The overall relationship between Australia and Malaysia works well on a number of different levels," said Varghese.

The diplomat said Australia's economic and strategic interests in the region meant it had something to contribute in talks on trade, investment and security.

But not too much, according to Kuala Lumpur.

"Malaysia has a view which is much more focused on restricting those kind of discussions to East Asian countries," said Varghese.

"That's been an issue that we haven't been able to resolve for quite a long time. The great majority of East Asian countries accept that Australia has

an integral role to play." A glint of light for Canberra appeared last month in Hanoi, as trade ministers from the Association of South-East Asian Nations

agreed with Australia and New Zealand to work on a Closer Economic Partnership (Cep).

The pact, spurred by the threat of a global economic slowdown and uncertainty after September's attacks on the US, fell short of Australia's ambition for a free trade agreement.

The 12 countries said the CEP, essentially a free trade deal shorn of tariff-cutting elements, will be formalised at a meeting next year in Brunei.

Australia side-stepped a slanging match with Dr Mahathir back in June after he criticised its treatment of ethnic minorities.

The long-serving Dr Mahathir accused Australia, along with Britain and the US, of forcing Chinese communities to learn English, saying Malaysia's ethnic Chinese had more rights than those in Australia.

Testy relations date back to a diplomatic row in 1993, when former Labor prime minister Paul Keating branded Dr Mahathir as "recalcitrant" for not attending the first Asia Pacific Economic Cooperation forum summit in Seattle, the US.

But Varghese played down that aspect of relations.

"Whatever political differences we have are not reflected in the wider relationship. We both have a lot invested in the relationship and we both get a lot out of the relationship". The diplomat said total two-way trade is worth A\$8 billion (A\$1 = RM1.84) a year, including large contributions from Australian wheat, sugar, fruit and other farm exports and Malaysia's petroleum and electronics goods. — Reuters