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SECRÉTAIRE
D'ÉTAT AUX
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EXTÉRIEURES.

NOTES FOR A SPEECH BY THE
SECRETARY OF STATE FOR
EXTERNAL AFFAIRS,
THE HONOURABLE
ALLAN J. MACÉACHEN,
TO THE PRESS CLUB,
JAKARTA, INDONESIA,
AUGUST 25, 1976



Mr. Chairman, Your Excellency, Ladies and Gentlemen:

I should first like to express my warm appreciation to the Press Club for asking me to speak to such a distinguished audience, and for giving me the opportunity to address myself to a much wider audience through the intermediary of your professional and respected membership.

On behalf of the Canadian Government, I should like to thank the authorities of Indonesia, particularly Foreign Minister Malik for the kind invitation which has brought me to Jakarta. I recall with pleasure my meeting with Foreign Minister Malik in July 1975 when he, and two of his cabinet colleagues, accompanied President Soeharto for a visit to Canada. Indonesian hospitality is justly famed, and my hosts have left me in no doubt that the reputation is well deserved. I am unable to stay in your country as long as I should wish but the warm and generous reception which Mr. Malik and his colleagues have extended to me and to the members of my delegation are making this a memorable visit. It is indeed an auspicious beginning to my tour of Pacific nations which will also take me to Malaysia, New Zealand and Australia.

The progress that is being made in Indonesia and in the four other members of the Association of Southeast Asian nations has provided an important impetus for my present visit to this region in my capacity as Secretary of State for External Affairs. It emphasizes the growing interest in Canada in developing closer relations with the countries of ASEAN, of which Indonesia is by far the largest, and the most populous. Accordingly, Foreign Minister Malik, his colleagues and I have discussed ideas and approaches to issues with a view to adding to the momentum of our bilateral relations, which have developed significantly over the past few years.

I should perhaps begin by explaining that in 1970, after an exhaustive study and analysis by my Department, the Canadian Government took a formal decision to work actively in order to diversify Canada's relations with other countries.

As a Pacific nation, it was logical for Canadians to look beyond our Western shores to the countries which, along with Canada, were situated on the rim of the world's largest ocean. Canadians were, of course, very much aware already that the Pacific was an area where the drama, and all too often the tragedy of human affairs was being played out, and where the tensions and disagreements which divided the world community found a particularly violent focus. The Korean War, and later the Vietnam War, were very much a part of the Canadian consciousness and we played a role in both conflicts.

A Canadian contingent served in Korea under the aegis of the United Nations, and for many years we participated in all the peace and supervisory commissions in Indochina, including on one occasion with Indonesia. Thus, the concept that Canada, as an active member of the world community, and more particularly as a Pacific nation, had a direct stake in the peace and stability of the Asia/Pacific region, was widely accepted in Canada. Accordingly, when five or six years ago we began to place greater emphasis on our bilateral relations with the countries of the Pacific, we were not newcomers on the scene.

With its long Pacific coastline Canada is very much a Pacific nation. Modern transportation has brought us much closer to all countries in the area. We therefore have a stake in the future of the region. It is for this reason that the Canadian Government considers it has a significant role to play in promoting peace and stability. As economic development is a fundamental prerequisite for stability, Canada is making available development assistance to countries of the region. In the context of the North/South dialogue Canada aims, by the transfer of resources and technology, to help to close the gap between developed and less developed countries. We hope this economic co-operation, too, will serve to strengthen the independence of individual nations in this post-colonial period and evolve into a mutually beneficial commercial relationship. The scope in this area is great because of the promising future of the area, given its wealth of human and natural resources. I should mention too that migrants from Asia are increasingly contributing to the diversity of Canadian culture. Canadian interest, then, in the Pacific is considerable.

Turning specifically to Southeast Asia, our involvement in the region has been overshadowed in the public eye by our participation in the Indochina peace and supervisory commissions. I know that our withdrawal from the commission caused apprehension in some quarters that Canada was losing interest in the region, but I wish to assure you that the reverse was true. After the end of the Vietnam War, Canadian resources and expertise that previously had to be devoted to our commission work, could be put to work more productively in developing and implementing our policy towards the countries of Southeast Asia where Canada had substantial bilateral interests. At the same time we did not overlook the fact that tensions remain in the area, and I know that these tensions, as well as the continued confrontations in the Korean peninsula, are of concern to ASEAN leaders as indeed they are to Canada. Thus, we participate actively in the search for solutions to these tensions by a process of consultation and co-ordination with our friends.

An important aspect of Canada's policy in the Pacific is support for the Association of Southeast Asian Nations. Canada firmly believes in the usefulness of such regional groupings and strongly supports the objective of regional

co-operation. The steps being taken by all countries of the region to develop their economies in a manner which will lead to a closer partnership among them are a particularly encouraging sign of increasing cohesion. I believe that ASEAN's objective of providing cultural co-operation should also serve as an important unifying factor. Furthermore, I consider it significant that ASEAN is open to all countries of the region that subscribe to its principles. It may be unrealistic to think that the membership of the association is likely to be expanded in the near future, but the commitment to an outward-looking policy sets an example for the whole region.

In my view, ASEAN is helping to provide the instruments to counteract the uncertainties which still cloud the future of the region. It can do this in a particularly effective way through the promotion of regional prosperity, which I regard as an essential element of political stability. It is apparent that progress is being made in this direction and I should like to take this opportunity to applaud the contribution that Indonesia is making to the realization of the concept.

In his speech to the ASEAN summit conference, which Indonesia hosted in Bali earlier this year, President Soeharto dealt in a realistic and constructive way with the relation between the internal security of the ASEAN countries, and economic development. He made a convincing case for the need for regional co-operation, without minimizing the difficulties involved. I am confident that his message of realism and inspiration contributed greatly to the success of this first ASEAN summit since the inception of the organization.

To express our support in concrete terms, Canada has made an offer to ASEAN of development assistance for regional projects identified by the five member countries. The possibility of Canadian assistance for studies of a regional satellite communication system and a regional transportation system are currently being examined. During his visit here earlier this year my colleague, Mr. Jamieson, pledged Canada's support in principle for a study of an ASEAN industrial co-operation project in a sector in which Canada has special expertise -- e.g., newsprint, pulp and paper, and potash. I have also informed the Indonesian Government that Canada is prepared to establish a scholarship programme for post-graduate students selected by ASEAN to study in Canada in disciplines which can further ASEAN's objectives of regional co-operation. It is my hope that such assistance will supplement the efforts made by ASEAN member countries to achieve closer co-operation.

Furthermore, Canada is prepared to open a formal dialogue with ASEAN in order to enhance our lines of communication and to facilitate co-operation in the field of development assistance. We will shortly be examining with ASEAN the best way for such a dialogue to take place.

When beginning in 1970, Canada began to place more emphasis on developing its bilateral relations with the individual countries of the region, it was natural, indeed inevitable, that Indonesia would be regarded with special interest.

Indonesia is a land composed of many fascinating and unique cultures as well as a wealth of ancient traditions which testify to the high degree of civilization that Indonesia has enjoyed for many centuries. For as many centuries, Indonesia has been a crossroads in the Pacific, which has attracted traders from all over the world.

The strategic position which Indonesia occupies in the Asia/Pacific area, its large population, and its immense natural resources place this country in a key position to play a major role in international affairs. Thus Indonesia, like Canada, has an interest in a multi-polar world where countries such as yours and ours can have a distinctive and effective voice in world affairs. To this end, our two nations are intensifying bilateral relations with a variety of countries, including each other, in order to avoid an excessive dependence on only one or two partners.

Canadians are impressed by Indonesia's pragmatic leadership in economic planning, which has resulted in steady economic progress. In my view these efforts are noteworthy not only because they have achieved a considerable measure of success, but also because they had to be carried out despite the great difficulties that necessarily face a country as large and as complex as Indonesia at its present stage of development.

But the Canadian experience in nation building made us see Indonesia in yet another light. Despite the great differences between Indonesia and Canada, there are similarities and problems we have in common. Indonesia, like Canada, is large. Indonesia, with its thousands of islands and Canada with its difficult terrain present a formidable geographical challenge. Indonesia is a tropical country, while Canadians have had to live and work in conditions of extreme cold. Canadians have learned first-hand that distance and climate make the job of transportation and of communication vastly more complicated, but we have also developed means to deal with these problems. Thus our experience with these conditions has given us an insight into the problems faced by Indonesia, as well as a capability to find practical and workable solutions.

There are further similarities -- Indonesia, like Canada, is rich in natural resources and both countries face the challenge of developing them in a rational manner which will bring the greatest amount of benefit to our citizens. This involves, for both our countries, the participation of foreign capital and the attendant need to maintain constant communication between the government and the private sector to ensure that the interests of all parties are served and that the decision-making process works efficiently.

A parallel can also be drawn between the multi-cultural character of Canada, whose population is composed of people from many nations, and the many cultures and traditions, which, occupying innumerable islands extending more than 5,000 kilometers make up the diversity, and the unity of Indonesia. Canada therefore appreciates not only the physical difficulties associated with transportation and communication over such vast distances, but also the over-riding importance of overcoming these problems to foster national unity and to create a common national purpose.

Thus, the reorientation of Canada's foreign policy to which I referred earlier, along with the similarity or convergence of interests between our two countries, created a climate in which the rapid development of our bilateral relations became possible and desirable. That neither side has been slow to take advantage of these circumstances can be demonstrated by a look at recent trade and development figures. In 1973 our bilateral trade was \$20.7 million. Two years later, in 1975, this figure had grown to over \$78 million. As well, over the last 10 years, our development assistance disbursements to Indonesia have grown from less than half a million dollars to \$36.7 million in 1975/76. This makes our development assistance programme with Indonesia one of the largest we have in the world.

The impressive performance of the Indonesian economy in the past few years and Indonesian economic development plans suggests a healthy economic growth in the future. The emphasis on sectors such as forestry, mining, oil and gas development, power generators and distribution, telecommunication and agriculture -- areas which match Canadian capabilities, points to a further development.

In support of these efforts Canada has made available to Indonesia a total of \$200 million in the form of parallel lines of credit, comprised of \$25 million from CIDA and \$175 million from the Canadian Export Development Corporation and private Canadian banks. More than half of this amount has already been committed, which shows that Indonesian and Canadian businessmen have been quick to exploit the commercial possibilities

In recognition of Indonesian economic progress, Canada is working to increase the level of development assistance to Indonesia with a programme involving projects in transportation, power and water resource development in support of agriculture, regional development schemes and technical assistance programmes aimed at strengthening Indonesia's technological resource base.

I am happy to have been able to sign, during my visit, a loan agreement and two memoranda of understanding for projects which happen to be ready for final approval at this time but which also symbolize Canada's development assistance to Indonesia. The loan agreement provides \$10 million for flexible use in Indonesian water resource development. It reflects the high priority accorded water resource development at the recent Habitat Conference on Human Settlements in Vancouver. One of the memoranda of understanding concerns the provision of a grant of \$900,000 to assist in rehabilitating and expanding the Ombilin Coal Mine in West Sumatra through technical assistance to the Ombilin School of Mines and training at the College of Cape Breton, which, I am pleased to note, is very close to my own home in Canada. The other memorandum of understanding concerns the provision of a grant of \$550,000 to finance a feasibility study, design, supervision of construction and project management for the Bengkulu hydro-electric generating station in Sumatra. I am also pleased to have been able to exchange letters with Mr. Malik concerning a \$9.4 million loan to finance the foreign costs of Biringkassi Port which will service the Tonasa Cement Plant in Sulewesi. This loan completes the \$80 million Canadian financing for the Tonasa project. These four projects reflect Canada's continuing commitment to Indonesian economic development.

A vote of confidence in Indonesia's future was also extended by the International Nickel Company of Canada, one of Canada's major industries. INCO is investing \$850 million for the construction of a nickel mining and smelting project, which will be a significant addition to Indonesia's industrial capability. Although this is the largest, it is not the only project involving Canadian capital and technology, as a number of other Canadian companies are equally active in Indonesia in a number of fields.

The contacts that Canada and Indonesia have so successfully developed in the past few years, however, extend beyond the bilateral to the multilateral, where we have found that we could co-operate on certain issues and consult each other to good effect on others. I recall that at the United Nations, Canada was a member of the Security Council at a time when we were able to make a contribution to Indonesia's

independence. Since then we have a common interest to find realistic and workable solutions to the problems that so tragically divide the world. We share a belief in the virtues of flexibility and compromise, and in the need to keep open the lines of communication. In my view this approach has served us well at the Law of the Sea Conference, where as coastal states we share many common objectives. The co-operation between our two delegations has contributed greatly to the development of new concepts, such as the economic zone and the regime to be applied to archipelagoes. At the crucial session now taking place in New York it is of the utmost importance that we continue this co-operation to ensure that generally acceptable solutions to the many outstanding issues are found.

Indonesia and Canada also share membership in the Conference on International Economic Co-operation which is a major effort to come to grips with perhaps the most crucial and challenging issue of our times. As Co-Chairman of the Conference I have been engaged in an intensive round of consultations with the group of industrialized countries and with my fellow Co-Chairman, Dr. Perez Guerrero, in an effort to move the dialogue forward.

In my view the problems we face in CIEC are difficult, but not insurmountable and I am very pleased that I had an opportunity to discuss these questions with Mr. Widjojo, who has given me some valuable insights into the issues that are of primary concern to the Indonesian authorities.

Ladies and Gentlement, I have touched on some of the issues that concern Indonesia and Canada, both in the bilateral and in the multilateral sphere. I do not wish, however, to exhaust your patience by attempting to exhaust my subject. I have tried to indicate, briefly, where we stand in Indonesia-Canada relations. The dialogue has begun, and it has begun well. But we still know far too little of each other. We must work to expand the dialogue and this will take the co-operation and active assistance of governments as well as our respective private sectors. The Canadian Government will be playing an active role in this process and my talks with my Indonesian counterparts have confirmed to me that the Indonesian Government shares the same objectives.