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SPEECH BY PRIME MINISTER LEE KUAN YEW AT THE BANQUET HOSTED BY HIS EXCELLENCY MR ZHAO ZIYANG, PREMIER OF THE PEOPLE'S REPUBLIC OF CHINA, IN BEIJING ON 19 SEPTEMBER 1985

On behalf of the members of my delegation and myself, may I thank you and the Government of the People's Republic of China for the warm and friendly welcome we have received.

Since my last visit to the People's Republic of China in November 1980, enormous changes have taken place.

China's economy has grown rapidly with the new responsibility system and incentives. The opening of China to foreign trade, investments and technology, will transform her economy in due course.

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These forecasts have been received with mixed feelings by Southeast Asian countries. On the one hand, China's economic growth will create stability and stimulate trade and investments in the whole region. On the other hand, these developments mean that Southeast Asian countries have to compete against

China for export markets and foreign investments. China can lessen these concerns by increasing her trade with Southeast Asia. A two-way flow of goods and services can do more for mutual confidence than any number of joint communiques.

The developments in China's relations with the super-powers have been significant. On the whole they have lessened the risks of accidental conflict and encouraged more trade.

China has also made bilateral progress with nearly all ASEAN countries. They can improve further once ASEAN governments are assured that party-to-party relations between the Chinese Communist Party and illegal communist parties of ASEAN countries have been discontinued.

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Singapore-China trade has increased since the signing of the trade agreement in December 1979. In 1980, total trade amounted to about S$2 billion, with a balance of S$700 million in China's favour. In 1984, it has increased by a significant 74 per cent to S$3.5 billion, with a balance of S$2.4 billion in China's favour.

The number of Singaporean visiting China has increased from 18,000 in 1982 to 32,000 in 1984. With the establishment of direct air services between China and Singapore this year, this flow of tourists will increase.

Singapore's industrial development started in earnest some 25 years ago. Some of Singapore's experiences, especially the problems that arise from an Asian society's exposure to ways that come with foreign managers and engineers may be relevant to China in her rapid modernisation.

Singapore's private and public sectors have entered into joint ventures with China's enterprises in hotel development, port management and management of offshore oil supply bases. It is a good beginning. With China's open door policy, the scope for co-operative arrangement is considerable, especially in fields like construction and engineering, tourism, electronics and computers, petroleum and petrochemicals, city planning and the design of housing and industrial estates. Singapore enterprises are less likely to pose cultural problems to China.

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On the political-military front, the major problem in Southeast Asia is the Vietnamese occupation of Cambodia, now in its seventh year. ASEAN's policy of opposition to Vietnamese aggression is combined with a determined search for

a political solution. This policy has widespread support in the United Nations. The resistance forces of the CGDK (Coalition Government of Democratic Kampuchea) will continue to make the Vietnamese occupation of Cambodia costly, both domestically and internationally. China, too, has an important role in countering the aggressor. I should, however, emphasise that Singapore and her ASEAN partners seek a political settlement, not a protracted military conflict, in Cambodia. An independent Cambodia, one not under the domination of any foreign country, is in the interests of peace and stability in the region.

Finally, may I ask you to join me in a toast to His Excellency Deng Xiaoping, Chairman of the Central Advisory Commission; to His Excellency Li Xiannian, President of the People's Republic of China; to His Excellency Peng Zhen, Chairman of the Standing Committee of the National People's Congress; to His Excellency Premier Zhao Ziyang; to the progress and modernisation of China; to the well-being and prosperity of her people; and to friendship between China and Singapore.

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