



PRIME MINISTER

PRESS STATEMENT NO. 175

22 January 1974

AUSTRALIAN INVESTMENT OVERSEAS

The Prime Minister, Mr Whitlam announced today a new Australian Government policy for overseas investment, especially in developing countries.

Mr Whitlam said that much Australian investment would take place in any case in overseas countries and it was the intention of the Australian Government to encourage investment which would meet the type of criteria applied to investment in Australia.

It was the intention of the Australian Government to do all it can to ensure that Australian investment in overseas countries will benefit the people in those countries and will be favourable to ownership and control of enterprises by people in the countries in which it is made and will have advanced labour relations and environmental policies. It is expected that all Australian investment will be in accord with the policies of the governments of the countries in which it is made.

Mr Whitlam said it was a major objective of the Australian Government to strengthen its economic relations with developing countries, particularly in its neighbouring regions. Many developing countries in the Asian and Pacific regions have expressed a desire for increased Australian private investment. The Australian Government recognises the contribution that Australian private investment accompanied by technical know-how and managerial skills can make to the development and growth of such countries.

The Australian Government also fully appreciates the desire of these countries to regulate foreign investment in accordance with their own national aspirations and development plans. Consequently the Australian Government was anxious to encourage private Australian investment in developing countries on a joint venture basis in accordance with those countries' social and economic development plans and their investment policies and procedures. The Australian Government will use its best endeavours to interest and encourage Australian enterprises to participate in those specific fields of development in which it is indicated Australian investment would be particularly welcomed and which would be in the joint interests of both countries.

Mr. Whitlam said that the Government would amend the Export Payments Insurance Corporation Act to broaden the scope and the overseas investment insurance scheme, which at present restricts the availability of insurance cover to those investments which provide export benefits to Australia and assist in the production and marketing of goods overseas. The Government proposes to broaden the eligibility criteria to provide that all new worthwhile direct investments which can assist in the economic and social development of an overseas country will be eligible for insurance cover. Also, in recognition of Papua New Guinea's expressed desire for increased Australian investment to further its social and economic development plans, it is proposed to extend the scope of the overseas investment insurance scheme to cover new eligible investments in Papua New Guinea. Mr. Whitlam said that the amending legislation would provide for investments made between now and the enactment of the legislation would be eligible for consideration under the expanded scheme.

In order to encourage partnership between Australian interests and investors in the host country concerned, concessional premium rates would continue to apply when the investment is a joint venture with local interests.

In addition, Mr. Whitlam said the Australian Government had decided to establish an overseas investment feasibility fund of \$250,000 to assist Australian companies to meet the costs of pre-investment feasibility studies in developing countries. The fund will be administered by the Department of Overseas Trade.

The Australian Government also proposed, where appropriate to negotiate bilateral investment guarantee agreements with overseas countries. Mr. Whitlam said that, in view of the important inter-relationship between trade and investment, the Government was seeking in official bilateral trade negotiations with neighbouring countries, to have included in trade agreements, where mutually desired, a clause related to investment.

Furthermore, Mr. Whitlam said the Australian Government would give early consideration to acceding to the international convention for the settlement of investment disputes.

Mr. Whitlam said these measures will complement existing measures for promoting private direct Australian investment in developing countries. Such investment is already facilitated in a number of ways by the Government. Under existing policy, for example, exchange control approval is readily given to all direct investments overseas which include a significant measure of Australian managerial participation and the expert of managerial and technical skill. Also, Australian taxation legislation contains unilateral provisions which protect Australian residents against the possibility of double taxation on revenue generated overseas.

In addition, Mr. Whitlam said the Department of Overseas Trade provides assistance to potential Australian investors in a variety of ways, including the publication of investment climate studies, the sponsoring of investment survey missions and the assistance of the Trade Commissioner Service. An amount of \$100,000 had been provided in the 1973//74 Budget to strengthen such services.

All of these measures, Mr. Whitlam said, clearly indicated the Australian Government's desire to see increased flow of Australian investments to developing countries in areas of activity welcomed by those countries and in harmony with their economic and social goals.