

INTENSIFIED EXPORT DEVELOPMENT  
Statement by the Prime Minister.

In relation to the economic measures announced last November, the Commonwealth Government made it plain that it would continue to give attention to the need to increase export income.

To give still sharper focus to its activities in this field, the Government recently established a special Committee of Ministers, under the chairmanship of the Prime Minister, to carry through a comprehensive and continuous examination of possible measures to develop exports and to improve our overseas exchange position.

The Committee consists of Mr. Menzies, Mr. McEwen, Mr. Holt, Senator Spooner, Mr. McMahon and Mr. Adermann.

The Government welcomes the increasing public awareness of the need for a continuing and progressive stepping up of the level of Australian export earnings if Australia is to maintain both a satisfactory rate of development and a rising standard of living.

Throughout recent years there has been evidence on many sides of a lively enterprise on the part of many in developing new kinds of exports, in opening up new markets and in raising the level of export trade.

For its part, the Government has, over the years, introduced a wide range of measures which have enhanced the opportunities of Australian producers to gain profitable export outlets. They include the negotiation of trade agreements with most of our major trading partners; the very substantial strengthening of the Trade Commissioner Service; the organisation of special trade missions; considerable Government assistance in financing export publicity and promotion in the United Kingdom and other important markets; the establishment of the Export Payments Insurance Corporation; taxation concessions to encourage primary production and mining; research aimed at increasing productivity in primary industries; and many others.

These efforts by industry, commerce and Government have contributed to a substantial rise in the volume of exports during the 1950's. Comparing 1959/60 with the average of the last three years of the 1940's, for example, the volume of exports increased by 39 per cent. Minerals, metals and metal manufactures went up by no less than 154 per cent. Exports of

wool and sheepskins, our biggest export item were up by 35 per cent; lead and zinc by 37 per cent; and exports of coal rose from 57,000 tons to 1,100,000 tons.

Similarly, great increases have been achieved in the value of exports to particular markets. Australian exports to Japan increased from £11 million to £135 million; exports to New Zealand, which include a wide and growing range of manufactured products, were up from £18 million to £54 million. Among the smaller markets, the development of new trade is reflected in the growth of exports to South Africa (from £3.6 million to £8.1 million); to the Philippines (£0.5 million to £4.9 million) and to Mexico (£1.0 million to £3.2 million). These are very real achievements for a country which is only at the beginning of its trading history with many of these markets. They have done much to offset the difficulties of holding our position in some of our traditional markets.

Running counter to these fine performances in export production and the expansion of markets, there has been a persistent decline over some years in the average prices we have obtained for our exports. There has been no such decline - indeed there has been an increase - in the prices we have had to pay for imports. This has meant that, despite our efforts to produce more goods for sale overseas and find outlets for them, we tend continually to fall short of earning enough abroad to pay for the increasing amount of imports our growing economy requires. Since prices of both exports and imports are almost entirely beyond our control there is practically nothing we can do to remedy this aspect of the position. Our only resource is to produce still more for export and sell it wherever we can. We must produce, on competitive terms, more of our established lines of exports and more of such new commodities as we find to be saleable overseas; and we must search out openings for the sale of these products wherever they can be found.

The Government is convinced that much more can be done - by Government and industry alike, and particularly by co-operation between Government and industry - to attain the necessary rate of export expansion. That there are many obstacles has to be recognised. For many rural exports, market opportunities and prices are influenced by the practices of overseas Governments and by international price fluctuations

rather than by the competitive ability of Australian producers. Breaking into new markets often involves heavy establishment costs which are all the more onerous for Australian exporters because of their geographical distance from main markets and the rather thin spread of their products over many markets.

But we must try to overcome these and other difficulties. We should not place too much reliance on an upturn in export price levels.

A major factor in export capacity and performance generally is, of course, the state of the internal economy - not only through the effects on comparative cost levels but also through the impact which internal demand makes, directly or indirectly, upon the volume of goods available for export. The measures which the Government has put in train recently demonstrate its determination to help the competitive position of Australian exports.

The special Committee of Ministers is closely examining particular industries or sections of industry.

#### The Special Position of Steel

In the last ten years the steel industry has roughly doubled its output. But this has been insufficient to keep up with the growing Australian demand.

During the period we have achieved some exports, at times on a significant scale, but at times there have also been very heavy imports of the kinds of steel made in Australia. The net cost in foreign exchange of all iron and steel imports, after allowing for exports, has exceeded £220 million in the last ten years.

A considerable contribution to the bridging of the gap in our balance of payments could flow from taking fuller advantage of the favourable competitive position we have in the production of steel. Our resources of iron ore and coal can certainly support a further substantial development of the steel industry. We have high grade coal available on an internationally competitive basis. The potential of our steel industry to bring about a reduction in import outlays and an increase in exports cannot therefore be ignored.

The Government recognises that there are difficulties in the way of a very rapid expansion of steel production but it will enter into discussions with the industry with a view to examining how Australia might become a major and continuing net exporter of steel.

Iron Ore

The possibilities of more fully exploiting our resources of minerals are being closely examined. As announced by the Minister for National Development on 2nd December, the Government has decided to permit the export of iron ore under certain conditions which will ensure that the interests of Australian industry are fully safeguarded. This decision is expected to promote intensified exploration for iron ore reserves and to produce important new exports.

Export Facilities

The Committee is studying a number of possible ways, not confined to traditional or orthodox measures, of helping Australian exporters overcome their very real disadvantages of distances from markets, low export volumes, lack of export experience and so on. Along with other possibilities, the Committee is examining whether increased export business could be obtained by Government co-operation or assistance in such matters as increased trade publicity and advertising abroad; market surveys; help in tendering for overseas contracts; and possible ways and means of warehousing Australian goods in important overseas markets to enable them to be offered for sale from stock.

In assessing the worth and practicability of measures of this kind, Ministers are calling on the commercial judgment and the expert advice available to them from industry and commerce. They expect that the success of any measures would depend heavily on enthusiastic support from industry and commerce. In respect of a number of proposals of this kind and many other aspects of export, the Export Development Council and the Manufacturing Industries Advisory Council have done a great deal of constructive work since their establishment two years ago. The Government's current endeavours have been discussed with the Chairman of these two bodies, and the Government is confident of their continuing help and co-operation.

Taxation

Much has been said about taxation in relation to exports. The Government will carefully examine proposals for amending some aspects of taxation if they can be shown to offer real prospects of putting Australian industries into a better position to earn substantially increased export income or to develop new lines of export, and if they can be accomplished

within manageable limits. It will be necessary, of course, to ensure that such proposals do not conflict with our international obligations.

A proposal relating to taxation, put forward by the Export Development Council, is now being studied at the Departmental level.

#### Export Franchises

Ministers have also noted the extent to which restrictive export franchises limit or preclude Australian exports. In view of our need to earn more foreign exchange, many restrictive export franchises are clearly not in the national interest.

The Government expects that responsible management of overseas concerns will recognise that it is in their own interests, as well as in the interest of the Australian economy as a whole, that Australian enterprises be permitted and assisted to compete freely in export markets. Manufacturing industry would thereby be helped towards making a contribution by way of export earnings that is more commensurate with its own very large requirements of imports of plant and materials.

#### Tourism

International tourism has rapidly emerged as one of the great foreign exchange earners for many countries. Ministers are satisfied that tourism could make a greater contribution to Australia's earnings of foreign exchange.

The Government has therefore decided to take a more active role in overseas promotion of tourist travel to Australia. It will work closely with the State Governments which have important interests in this field.

The Government will continue its support of the Australian National Travel Association which it has asked to submit ideas for the development of this trade. It has approved an immediate additional grant to A.N.T.A. to enable it to accelerate some of its existing plans. It will also ensure that full benefits to tourist promotion are obtained from trade and general publicity overseas and from the facilities available in Government offices abroad.

#### Insurance of Export Payments

A number of organisations concerned with exports have supported a proposal to provide export payments insurance

cover for some transactions which are considered to be in the national interest, but would be beyond the present scope of the Export Payments Insurance Corporation. Similar facilities are available to exporters in a number of countries, including the United Kingdom and Canada.

The Government has decided to introduce legislation in the next sittings of Parliament to amend the Export Payments Insurance Corporation Act to provide means for the Commonwealth Government to underwrite certain types of transaction through the Export Payments Insurance Corporation in cases where the Government is satisfied that this would be in the national interest.

The Committee of Ministers does not envisage spectacular short-term results. Primary products - pastoral, agricultural and mineral - will continue to provide the bulk of our export income for many years ahead. But we have strong hopes that manufacturing industry will be able to do much more to increase exports. In fields appropriate to Government action, the Government, apart from all it has done in the past, is now making a thorough-going investigation of the means by which our external trading position might be improved. What is required is a constructive effort to find measures which will make a real and lasting contribution. The Government is confident that, with the assistance and co-operation of private enterprise, much more could be achieved in this direction.

Canberra.

3rd January, 1961.