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FOR PRESS

ADDITIONAL PROTECTIVE PROCEDURES

(Statement by the Deputy Prime Minister and
Minister for Trade, Mr. J. McEwen)

The Minister for Trade, Mr. J. McEwen, today elaborated the measures the Government proposes to take to extend the protective machinery at present available to Australian industry - both primary and secondary - which are affected by imports.

He stated that these measures accord with the Government's policy of continued growth of the economy with employment for a continuously growing workforce.

Mr. McEwen gave details of the machinery which will be set up by the Government to deal with requests for temporary protection to supplement the present temporary duty provisions of the Tariff Board Act. Mr. McEwen pointed out that the present temporary duty arrangements had given effective results but the Government felt that there were circumstances under which, as a temporary measure of protection, the quantitative restriction of imports may be desirable, combined with, or as an alternative to, temporary duties.

"As made clear by the Prime Minister, the announcement of a willingness to use import restrictions under these circumstances does not signify any intention to revert to import licensing on a wide scale unless required by serious balance of payments difficulties.

"There appears to be a misapprehension in some quarters that the Government itself intends to identify the range of items which require added protection by quantitative restriction and make decisions accordingly. Provision of protection to Australian industries has never been accorded on the initiative and judgment of the Government itself. The initiative is always with industry to request protection.

"No departure from this principle is intended.

"Broadly, two considerations are in mind. Firstly, as visualised in the Prime Minister's Policy Speech in November, the Government has recognised the particular difficulties of certain Australian industries where production efficiency and a reasonable cost level require the maintenance of a continuing high volume of output. Where an inflow of imports has reduced the Australian industry's share of the market so as to make an otherwise stable industry unprofitable and even perhaps uneconomic, it may be more appropriate to apply quantitative limitation of imports, rather than a temporary duty.

"Another circumstance which may warrant temporary protection through import restrictions may be that substantial reduction of domestic demand resulting from general economic circumstances operating in Australia, may reduce an Australian industry to a serious situation unless the volume of imports is temporarily diminished.

"The principle was established when the system of temporary duties was introduced that an immediate reference be made to the Tariff Board for normal consideration when a temporary duty is imposed. This provision will also apply if import restriction is provided as temporary protection.

"As the Prime Minister has already announced, a Special Advisory Authority will be established to advise on any request for protection by restriction of imports. Where it is established that imports are causing or threatening to cause serious damage to a particular industry, the Special Advisory Authority will be able to recommend that any temporary protection shown necessary, be given by means of temporary duty and/or import restrictions.

This would not conflict with the commitments Australia accepts under the G.A.T.T.

The advice of the Special Advisory Authority could be sought also in a situation in which a serious run-down of overseas balances was threatened. This is an aspect of what the

Government has in mind, referred to in the Prime Minister's statement, that pressures which may develop should be dealt with

by specifically designed measures.

"Action will be taken," Mr. McEwen said, "to bring the operations of the Special Advisory Authority within the ambit of the Tariff Board Act. However, if real urgency exists, the Special Advisory Authority would be asked to advise the Government on these matters even before the necessary legislative action is taken."

"In connection with the normal functioning of the Tariff Board the Government proposes to amend the Tariff Board Act so that under certain circumstances the Tariff Board after a full inquiry may recommend that protection should include import restrictions where the tariff alone would not give the necessary measure of protection."

Mr. McEwen mentioned that representations had been made recently to the Government, during its consultations with various organisations, that it should be prepared to afford protection to industries in respect of proposed extensions into new manufacturing, or industries proposing to set up manufacture in Australia for the first time.

"If the Government feels that the question of protection of a new industrial venture should, in the interests of the economy, be considered in advance of actual production, it will forward the matter to the Tariff Board for its consideration."

Mr. McEwen stated also that consideration is being given to amending the Tariff Board Act, to ensure that requests for protection are considered with a minimum of delay. For instance, one opportunity would be to provide that evidence can be tendered to the Tariff Board in writing, under a statutory declaration, and made available to all interested parties unless accepted by the Board as confidential, as an alternative to the existing requirements that evidence be given in public on oath. The existing procedures result in a considerable time loss, especially when witnesses have to read very detailed and lengthy evidence.

"The Government regards the Tariff Board as an important advisory instrument in enabling the Government to achieve the national objective of continuing growth of the economy and employment of the workforce. We believe that industrial expansion at a rate which will make an appropriate contribution to employment can, as the Prime Minister has said, be reconciled with a reasonable stability of the Australian cost and price structure and with a strong external position.

"The introduction of investment allowances in connection with the establishment of new plant and equipment used in manufacturing industry represents an encouragement by the Government to the installation of the most up-to-date equipment. By world standards the Australian home market is a small one and nothing is more critical to keeping costs of production low in today's industry than that our factory equipment should be abreast of the world's most modern.

"These investment allowances will, of course, embrace the equipment of industries processing primary products, for example, meatworks, butter factories, fruit and fish canneries, flour mills and the like.

"The Government desires to sustain the rate of investment in manufacture, for today's investment increases tomorrow's productive resources and employment. Modernisation of equipment and the modification of our policies of protection, combine to better enable Australian industry to hold an adequate share of the home market, produce at lowest achievable costs and so be better enabled to reach out into export.

"While the Government is extending additional aid to Australian industry, it is imperative that industry itself should explore every opportunity to reduce costs. This should include consideration of aspects of rationalisation and standardisation so that productivity may be increased and costs kept low which is so essential in a small volume market.

"The Government is anxious that the resources and services of C.S.I.R.O. should be availed of by Australian industry in pursuit of greater productivity and cost reduction.

"The decision by the Government to re-inforce its existing policies by the measures detailed above should be taken as an earnest of the Government's intention to give effective support to Australian industry in its essential role in fulfilling the national economic objectives.

"The Government has shown it is prepared to play its part".

Mr. McEwen said the Government wishes to strengthen the concept of partnership between Government and industry in pursuit of the nation's high objectives.

Canberra,

11th February, 1962.

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