



PRIME MINISTER

OPENING OF THE 4TH ANNUAL CONFERENCE
OF
THE CONFEDERATION OF ASIAN
CHAMBERS OF COMMERCE AND INDUSTRY
(C.A.C.C.I.)

PERTH, W.A.

MAY 8, 1972.

Speech by the Prime Minister, the Rt Hon. William McMahon, CH, MP

President Park of the Confederation of Asian Chambers of Commerce, Delegates and Ladies and Gentlemen,

Welcome to Australia and in particular a welcome to Perth - one of our most attractive cities; and thank you, Mr. Blyton, for your warm introduction, and your kind remarks; and thanks to C.A.C.C.I. for holding its fourth conference here in Australia. It is a source of pride to the Australian Government to have this meeting here as a tangible demonstration of the importance of our relations with Asia and of the role of Chambers of Commerce in complementing the activities of Governments in the business and commercial area ..

It is not really necessary to stress to you, as distinguished Asian business leaders, the vital connection between trade and development. All of our countries are linked together in the search for greater growth and development, and for growing and worthwhile mutual trade. But as you know these matters have to be seen against the background of the world economy as it exists and as we expect it to develop. In the last twelve months, international economic relationships have been disorganised and distorted by the monetary crises; established trade patterns have been disturbed.

As a result of the Smithsonian Agreement late last December, the immediate threat relating to parity realignments has passed. But, clearly, not all of our problems have been resolved. There remains the problem of whether, and if so to what extent, longer term reform of the international monetary system is necessary. There remains the problem of maintaining a high rate of growth of output in the major industrialised countries. There is also the related world wide problem of the increase in the rate of inflation. Unless the advanced countries succeed in resolving these problems of stability and growth, they are not going to contribute in the most effective way to helping the problems of the developing countries.

Not only could aid policies be nullified, but advanced nations would be preoccupied by their own problems, rather than those of the L.D.C.'s. It is obvious that in some of the rich countries there has been disenchantment with foreign aid, and there has been a sense of weariness that the problems of development are more intractable than had been widely supposed. I am happy to assure you that this is not the case in Australia. I believe the Australian people fully support the Government's view that we must have a strong foreign aid programme, and evidence of our goodwill is clearly established by the facts. The cumulative total of Australia's bilateral economic aid to Asia now is close to 400 million dollars. But a sound and increasing aid programme does not mean that we cannot learn from the experience of others. Part of the disenchantment about aid has arisen from exaggerated expectations about its effect. Some have seen foreign aid as a kind of magic panacea to close the gap in living standards between countries.

In reality, the problems of growth are much more complex; and foreign aid should properly be seen as a supplement to the efforts of the less developed countries. There should be an element not only of trust but also of modesty in our expectations for foreign aid. As well, I hope, as being modest we must be practical about what we can do. I do not want to exaggerate the role Australia can play. Australia does not presume to tell Asian countries how to run their economies. We leave such advice, if it is to be given at all, to the international institutions, if and when Asian countries ask them for it. Advice is much more easily taken from a relatively anonymous multilateral institution than from an individual country, however friendly and even indulgent. Here - and now - I want to mention the Asian Development Bank, which is growing steadily as an important influence in the region.

Australia is giving the bank full support and legislative steps are now being taken to enable us to take up our share of the increase in the bank's authorised capital. Associated with this is another point I wish to emphasise strongly about our aid policy. It is that we have long been conscious of the debt problems of less developed countries in Asia, and so we have provided essentially grant aid. We have not asked for the payment of interest and we have not asked for our money back.

The basic problem confronting donors remains. It is to adjust the terms of their aid to the repayment capacities of individual recipients. I find it disturbing that the annual average growth rate of 10 per cent in debt service payments is considerably higher than the rate of growth of the export earnings of the less developed countries. This means that debt repayments are mopping up an increasing share of hard-earned export revenue. It is not an irretrievable situation, but we have the impression that many countries have not really faced up to it. In too many cases the countries of the Asian and Pacific region face more inward looking trading policies by the industrialised countries - and they face the development of trading blocs and the growth of tariff and non-tariff barriers to traditional products.

Turning to markets and trade, Asia offers an expanding market for certain raw materials and capital equipment, essential to the continued growth and diversification of its economies. Its imports twenty years ago were 6,750 million dollars Australian. In 1970 they were worth 40,700 million dollars Australian. This growth in import demand has brought an increased interest by Australian businessmen. Australian exporters once looked almost exclusively to the United Kingdom and Europe. But since the early 1950's there has been a pronounced trend towards increasing trade between Australia and Asia. In 1948/49, total two-way trade was only 310 million dollars Australian. Last year it was more than nine times greater. We now sell over 43% of our exports to Asia against only 15% in the late 1940's.

Almost a quarter of Australia's total imports now come from Asia, compared with less than a fifth in 1948/49. Japan is Australia's major overseas customer. Whilst we recognise that whilst aid has an important role to play in the development of the region, in the final analysis trade is preferred to aid as a means of attaining economic maturity. To help two-way trade, the Australian Government has entered into some bilateral trade agreements which recognise special features of trade between signatories and provide for Government-to-Government trade. Agreements are current with Japan, Malaysia, and the Republics of China, Indonesia, Korea and The Philippines.

We have also supported realistic world commodity arrangements for many products which provide the bulk of export earnings for Asian countries. Within the total trade complex and the desirability of world commodity arrangements, we recognise that the nations of Asia are dependent on expanding exports of primary products to developed countries, and we share the concern of many Asian countries about the need for improved access to international markets for them. But commodity agreements are not in themselves enough to solve the problems of the primary producing countries.

A greater liberalisation of trade in agricultural products is required and this has been sadly lacking up till now. I add that Australia warmly welcomed the declarations in February this year by the United States, the E.E.C. and Japan to work for freer trade in agricultural as well as industrial products. We are also aware that expanded trade with Asia will depend largely upon the ability of the region to export profitably. We have been prepared to back our beliefs and as early as 1966 we began a system of non-reciprocal tariff preferences for manufactured and semi-manufactured goods and handicrafts from developing countries.

A review has recently been completed and my colleague, the Minister for Trade and Industry, has recently announced at the UNCTAD Conference in Santiago that some 200 additional items are to be added to the list of manufactures which benefit from this system as well as a number of other handicrafts. Providentially, the countries of Asia have proved to be the major beneficiaries of this system. Last year some 80% of the imports entering under the preferential arrangements came from the region.

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I emphasise, however, that the quotas are not being filled and that you as businessmen ensure that maximum advantage is taken of the system by the exporters of your countries. Equally, you should be aware that the Australian Government is willing to look at requests for existing quotas to be extended and for additional products to be included in the system.

May I turn now to investment. I am pleased to note that the conference is devoting some time to the question of investment in Asia, which necessarily goes hand in hand with any discussion of trade and development. From our own experience, we in Australia, recognise the importance of foreign investment as a means of promoting growth, and even though Australia is still a net capital importer, we readily give approval for Australian firms to make direct investments in developing countries, especially in Asia, and I hope to see more firms doing so.

We believe that direct investment accompanied by exports of technical know-how and managerial skills is a major means by which we can contribute to the development of the region. We recognise the natural preference of host countries for joint ventures as distinct from wholly foreign owned investments, and we must strengthen the transport links and means of communication. Like some of our northern neighbours, Australia is an island nation. Our international commerce is carried almost entirely by sea. It is appropriate therefore that delegates to this conference should be examining this subject. Shipping technology has made tremendous advances in recent years. New types of ships, improved methods of handling cargoes and new concepts in transportation have been developed. You will be reviewing these requirements, assessing the role of both the Government and private sector in developing these facilities. It is from the decisions of business that these needs arise. I am sure we can expect a continued and accelerating growth in trade within the region and increasing contact between the businessmen of Asia and of Australia.

There are already business co-operation committees involving Australian businessmen and those of Japan, Korea and Indonesia. Exchanges of ideas within these committees and at conferences such as this will lead to a greater understanding of the trading problems confronting us in the 1970's. Thank you again for inviting me and I have much pleasure in now declaring open the 4th annual conference of the Confederation of Asian Chambers of Commerce and Industry.
