



PRIME MINISTER

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AUSTRALIAN INVESTMENT OVERSEAS

Statement by the Prime Minister, the Rt.

Hon. William McMahon, CH, MP

The Prime Minister, Mr. McMahon, said today that the Government is undertaking an extensive review of its policy on the promotion of direct Australian investment in neighbouring countries.

Mr. McMahon said that during his recent visit to Malaysia, Singapore and Indonesia, he had discussed with the Heads of States of those countries ways of furthering commercial relations between them and Australia. It was clear from these discussions that these countries would like to receive more joint investments by Australian firms. Mr. McMahon had assured these countries of his own desire to see increased Australian investments in the region.

Mr. McMahon said that the Australian Government fully recognised the mutual benefits accruing from direct Australian investment in these countries. Such investments, involving the use of Australian technical know-how and managerial skills, were an important means by which Australia can contribute to the development and growth of other countries, particularly those in its neighbouring regions. Moreover, such investments were an important way of promoting Australia's own commercial and other interests.

Mr. McMahon added that, under existing policy, exchange control approval is readily given for direct investments overseas which involve a significant measure of Australian managerial participation in the overseas enterprise and the export of managerial and technical skills. Approval is also readily given for all types of investment which promote Australian exports or protect existing Australian investments abroad.

Against this background, Mr. McMahon had requested the Deputy Prime Minister and Minister for Trade and Industry, Mr. Anthony, and the Treasurer, Mr. Snedden to put in hand an examination of possible measures which the Australian Government might take to facilitate increased direct investment overseas by Australian residents in neighbouring countries.

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Mr. McMahon said that the examination would include the roles that double-tax agreements and bilateral investment guarantee agreements could play in facilitating worthwhile Australian investment overseas.

In conjunction with this examination, an official Australian investment survey mission, comprising members of the Export Development Council, representatives of Australian banks, and senior officials of the Departments of Trade and Industry and Treasury, will visit Malaysia, Singapore and Indonesia in the near future.

Mr. McMahon said that the main purpose of the Mission will be to discuss with relevant investment authorities in Malaysia, Singapore and Indonesia the possibility of greater direct investment by Australians in local enterprises, particularly those in preferred areas of activity. In addition, the Mission will investigate the desirability of establishing Australian Business Co-operation Committees with Malaysia and Singapore along the lines of the recently-formed Australia/Indonesia Business Co-operation Committee. The establishment of such committees could assist in a very practical way to promote better commercial relations within the region.

Mr. McMahon said that the Mission will report to the Government on its return to Australia and will also conduct seminars and arrange by other suitable means to inform senior Australian businessmen of the investment opportunities available in the countries visited.

CANBERRA,
5 October, 1972.