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SPEECH BY THE PRIME MINISTER, MR E. G. WHITLAM, Q.C., M.P.,
TO THE ITALIAN CHAMBER OF COMMERCE - SYDNEY, MONDAY, 12 AUGUST 1974

THERE ARE FEW COUNTRIES WITH WHICH AUSTRALIA HAS HAD LONGER CONTACT THAT IT HAS HAD WITH ITALY. THIS CONTACT PROBABLY EXTENDS AS FAR BACK AS CAPTAIN COOK'S VOYAGE TO AUSTRALIA IN 1770. ABOARD THE "ENDEAVOUR" WAS ANTONIO PONTO, THOUGHT TO HAVE BEEN A VENETIAN. THERE WAS AN ITALIAN NAMED TUZO IN THE FIRST FLEET, THOUGH WE ARE NOT SURE IN WHAT CAPACITY HE CAME TO AUSTRALIA. DURING THE NINETEENTH CENTURY ITALIAN MIGRANTS ARRIVED IN AUSTRALIA IN SMALL BUT GROWING NUMBERS, PARTICULARLY AFTER THE IMPETUS PROVIDED BY THE GOLD DISCOVERIES OF THE 1850'S. INDEED THE GOLD RUSH CAUSED THE INVOLVEMENT OF ONE ITALIAN IN ONE OF THE MOST CRUCIAL INCIDENTS IN AUSTRALIAN HISTORY. RAFFAELLO CARBONI WAS ONE OF THE MINERS' LEADERS AT THE EUREKA STOCKADE IN 1854.

THE ITALIAN MEN AND WOMEN WHO CAME TO AUSTRALIA CONTRIBUTED GREATLY TO OUR WAY OF LIFE. WE OWE MUCH TO THE ITALIAN CANEGRWERS IN NORTH QUEENSLAND, TO THE ITALIAN GOLD MINERS IN WESTERN AUSTRALIA, THE ITALIAN TOBACCO GROWERS IN SOUTH-WEST WESTERN AUSTRALIA AND VICTORIA AND THE FRUIT AND VEGETABLE GROWERS IN THE IRRIGATION AREAS OF THE MURRAY AND MURRUMBIDGEE RIVERS OF NEW SOUTH WALES AND VICTORIA.

THE POST-WAR MIGRATION BOOM LED TO AN EVEN GREATER INFLUX OF MIGRANTS FROM ITALY. THE ITALIAN COMMUNITY IS NOW THE BIGGEST OF THE NON-ENGLISH NATIONAL GROUPS IN AUSTRALIA. FROM 1945 TO DECEMBER 1973, 164,863 ITALIANS HAVE BECOME AUSTRALIAN CITIZENS. THE 1971 CENSUS SHOWED THAT MORE THAN 289,000 AUSTRALIAN RESIDENTS WERE BORN IN ITALY AND IT IS ESTIMATED THAT FROM 1946 TO 1972 MORE THAN 257,000 OF CHILDREN BORN IN AUSTRALIA HAD AT LEAST ONE PARENT WHO WAS BORN IN ITALY.

THIS DRAMATIC INFUSION OF ITALIANS HAS HAD A GREAT IMPACT ON AUSTRALIAN SOCIETY. IT HAS SIGNIFICANTLY CHANGED OUR WAY OF LIFE, ESPECIALLY IN OUR CITIES. SUCH PROJECTS AS THE SNOWY MOUNTAINS HYDRO-ELECTRIC SCHEME WOULD NOT HAVE BEEN POSSIBLE WITHOUT ITALIAN RIGGERS AND ENGINEERS, INCLUDING MR JIM BAYUTTI. THE ITALIAN COMMUNITY HAS HAD A VERY REAL INFLUENCE IN THE SMALL BUSINESS FIELD AS WELL AS IN LARGER ENTERPRISES, SUCH AS TRANSFIELD CORPORATION. THE BUSINESS, CULTURAL AND SOCIAL ACTIVITIES OF THE ONE MILLION AUSTRALIANS OF ITALIAN BIRTH, EXTRACTION OR DESCENT HAVE MADE THE ITALIAN COMMUNITY A MOST SUCCESSFULLY INTEGRATED NATIONAL GROUP. ONLY THE BRITISH ISLES HAVE MADE A LARGER CONTRIBUTION TO THE AUSTRALIAN NATION AND SOCIETY. WE HAVE RECENTLY RECOGNISED THIS WITH THE APPOINTMENT OF DR EVASIO COSTANZO TO THE AUSTRALIA COUNCIL AND MR CLAUDE ALCORSO TO THE UNIVERSITIES COMMISSION. ITALIANS ARE NOT SIMPLY CONCERNING THEMSELVES WITH MIGRANT MATTERS, BUT WITH THE AFFAIRS OF OUR WHOLE SOCIETY.

TRADE BETWEEN ITALY AND AUSTRALIA HAS ADDED SIGNIFICANTLY TO THE CONTACT BETWEEN THE TWO COUNTRIES. ITALY WAS OUR NINTH LARGEST MARKET IN 1972/1973. AUSTRALIAN EXPORTS TO ITALY AMOUNTED TO \$133 MILLION IN THAT YEAR. THESE EXPORTS HAVE INCLUDED GREASY WOOL, SHEEP AND LAMB SKINS, IRON ORE, COAL AND PIG IRON. IN TURN AUSTRALIA HAS BENEFITTED FROM THE IMPORT OF ITALIAN GOODS, PARTICULARLY MACHINERY. IN THE AREA OF CONSUMER GOODS, AUSTRALIANS HAVE BEEN ABLE TO EXPERIENCE THE EXCELLENCE OF ITALIAN DESIGN, UNSURPASSED THROUGHOUT THE WORLD.

THE AUSTRALIAN GOVERNMENT REMAINS OPTIMISTIC ABOUT FUTURE TRADE PROSPECTS WITH ITALY. I AM AWARE, OF COURSE, THAT IN MAY THE ITALIAN GOVERNMENT ANNOUNCED A NUMBER OF MEASURES AIMED AT CORRECTING THE GROSS DISEQUILIBRIUM IN THE ITALIAN ECONOMY. THESE MEASURES INCLUDED A PRIOR DEPOSIT SYSTEM FOR IMPORTS WHICH BECAME OPERATIVE ON 7 MAY AND PRIMARILY AFFECTED PROCESSED OR MANUFACTURED ITEMS. FORTUNATELY FOR OUR TRADE, MORE THAN TWO-THIRDS OF AUSTRALIAN EXPORTS TO ITALY ARE EXEMPT FROM THE PRIOR DEPOSIT SYSTEM. THIS APPLIES PARTICULARLY TO COAL, RAW WOOL, METAL ORES AND PIG IRON. AUSTRALIA HAS MOVED TO ENSURE THAT THERE IS A CONTINUING AND HEALTHY TRADE BETWEEN THE TWO COUNTRIES. ON 3 MAY THE MINISTER FOR OVERSEAS TRADE, DR CAIRNS, ANNOUNCED THE FORMATION OF THE ITALO-AUSTRALIAN TRADE ADVISORY COMMITTEE TO PROMOTE THE DEVELOPMENT OF COMMERCIAL RELATIONS BETWEEN AUSTRALIA AND ITALY. THE COMMITTEE WAS FORMED BY A GROUP OF ITALIAN AND AUSTRALIAN BUSINESSMEN TO PROMOTE CO-OPERATION AND STREAMLINE PROCESSES BETWEEN THE BUSINESS COMMUNITIES OF BOTH COUNTRIES.

Trad.

THERE IS ONE AREA OF POSSIBLE TRADE WHICH I KNOW IS OF GREAT IMPORTANCE TO ITALY AND ITALIANS. I REFER TO THE SALE OF AUSTRALIAN URANIUM SUPPLIES. AS MANY OF YOU WOULD BE AWARE, THE ITALIAN GOVERNMENT INSTRUMENTALITY, ENTE NAZIONALE IDROCARBURI (ENI) BEGAN NEGOTIATIONS IN APRIL 1973 WITH PEKO MINES AND ELECTROLYTIC ZINC FOR AN INTEREST IN THE DEVELOPMENT OF THE RANGER URANIUM DEPOSIT. ENI'S AGREEMENT WITH THE RANGER PARTNERS CONTEMPLATED A 10% INTEREST IN THE PROPOSED VENTURE. CLEARLY SUCH AN INTEREST WOULD CREATE DIFFICULTIES IN VIEW OF THE GOVERNMENT'S OBJECTIVE OF FULL AUSTRALIAN OWNERSHIP IN URANIUM DEVELOPMENT PROJECTS. I OUTLINED THE GOVERNMENT'S BROAD APPROACH TO THE SUBJECT WHEN I SPOKE AT THE AUSTRALIA-JAPAN MINISTERIAL COMMITTEE MEETING IN TOKYO ON 29 OCTOBER LAST YEAR. I SAID THIS:

Uranium

"THERE ARE CERTAIN INDUSTRIES WHERE WE REGARD AUSTRALIAN OWNERSHIP AND CONTROL OF PARTICULAR IMPORTANCE. THESE RELATE ESPECIALLY TO SOURCES OF ENERGY WHERE GROWING WORLD SHORTAGES AND OTHER FACTORS MAKE THIS ESSENTIAL. URANIUM IS ONE OF THESE ENERGY SOURCES AND WE HAVE AN OBJECTIVE OF FULL AUSTRALIAN OWNERSHIP IN DEVELOPMENT PROJECTS INVOLVING URANIUM

"WE RECOGNISE, HOWEVER, THAT AUSTRALIA'S RESOURCES OF CAPITAL AND TECHNOLOGY ARE RELATIVELY LIMITED, THAT THE SIZE OF THE PROJECTS TO BE UNDERTAKEN IS OFTEN VERY GREAT AND THAT WE SHALL NEED TO CALL UPON OVERSEAS EXPERTISE, TECHNOLOGY AND CAPITAL TO CONTRIBUTE TO THE PROPER DEVELOPMENT OF THESE VITAL ENERGY RESOURCES. THUS WHILE WE SEEK TO REQUIRE EQUITY IN NEW PROJECTS INVOLVING THESE . . . MINERALS TO BE IN AUSTRALIAN HANDS WE DO LOOK FOR OVERSEAS PARTICIPATION IN SOME WAYS: THROUGH ACCESS TO TECHNOLOGY, LOANS AND ESPECIALLY

LONG-TERM CONTRACTS."

THE AUSTRALIAN GOVERNMENT HAS NOTED THAT ENI HAS STATED THAT, IN CARRYING OUT ITS STATUTORY FUNCTION TO PROCURE ENERGY RESOURCES FOR ITALY, IT SEEKS TO OPERATE IN A MANNER CONSISTENT WITH THE POLICIES OF HOST NATIONS. IN TURN THE AUSTRALIAN GOVERNMENT RECOGNISES THE IMPORTANCE OF URANIUM TO A COUNTRY LIKE ITALY WHICH HAS BEEN SO PROFOUNDLY AFFECTED BY THE ENERGY CRISIS. WHILE WE MUST SAFEGUARD OUR NATIONAL INTERESTS WE ACKNOWLEDGE THE HISTORY OF AUSTRALIA AND ITALY AS GOOD TRADING PARTNERS. IN KEEPING WITH THAT TRADITION, WE WILL ENSURE THAT ITALY WILL GET A PROPER PROPORTION OF ALL THE URANIUM WE HAVE TO EXPORT.

THE QUESTION OF THE EXPLOITATION OF URANIUM RAISES THE BROADER ISSUE OF FOREIGN INVESTMENT IN AUSTRALIA. I KNOW THERE IS A CONTINUING INTEREST AMONG MANY HERE TODAY IN THE POSSIBILITY OF JOINT VENTURES BETWEEN ITALIAN ENTERPRISES AND AUSTRALIAN COMPANIES. IT IS THEREFORE APPROPRIATE TO OUTLINE THE BROAD PRINCIPLES WHICH GUIDE OUR ATTITUDE TO FOREIGN INVESTMENT. YOU WOULD ALL BE AWARE THAT THE AUSTRALIAN GOVERNMENT NO LONGER HAS A WHOLLY UNCRITICAL ATTITUDE TO INVESTMENT FROM OVERSEAS. WE HAVE ADOPTED A MORE SELECTIVE APPROACH TO SUCH INVESTMENTS. WE INTEND TO ENSURE THAT FOREIGN CAPITAL INFLOWS ARE ASSOCIATED WITH PRODUCTIVE INVESTMENT WHICH ADDS TO AUSTRALIAN REAL RESOURCES AND BRINGS US BENEFIT. THIS DOES NOT MEAN THAT WE HAVE NO WISH TO SEE FURTHER OVERSEAS CAPITAL FLOW INTO AUSTRALIA. WE THINK THAT SUCH CAPITAL MUST CONTINUE TO PLAY A SIGNIFICANT ROLE, IN PARTNERSHIP WITH AUSTRALIAN CAPITAL, IN OUR FUTURE ECONOMIC GROWTH. FOREIGN INVESTMENT, HOWEVER, MUST NOT CONFLICT WITH OUR FIRM POLICY OF PROMOTING AUSTRALIAN CONTROL OF AUSTRALIAN RESOURCES AND INDUSTRIES. WE WANT TO ACHIEVE THE HIGHEST POSSIBLE LEVEL OF AUSTRALIAN OWNERSHIP IN OUR RESOURCES AND INDUSTRIES. BY THIS WE MEAN WE WANT TO ACHIEVE THE HIGHEST AUSTRALIAN EQUITY THAT CAN BE ACHIEVED IN NEGOTIATIONS, PROJECT BY PROJECT, THAT ARE FAIR AND REASONABLE TO BOTH PARTIES AND ARE WITHIN THE CAPACITY OF OUR OWN SAVINGS TO SUPPORT.

FOR TOO LONG AUSTRALIA WAS SEDUCED BY THE QUICK DEAL AND FAILED TO RESIST THE TEMPTATION FOR EASY PROFIT AT THE EXPENSE OF OUR LONGER TERM NATIONAL INTERESTS. UNDER OUR PREDECESSORS 68% OF OUR ENERGY RESOURCES FELL INTO THE HANDS OF FOREIGN COMPANIES. THIS SHOULD NOT HAVE HAPPENED AND, SO FAR AS MY GOVERNMENT IS CONCERNED, WILL NOT HAPPEN AGAIN. WE HAVE SOUGHT TO EXTEND AND STRENGTHEN OUR FOREIGN TAKEOVERS LEGISLATION. THE SENATE, HOWEVER, HAS OBSTRUCTED MUCH OF OUR ENDEAVOUR IN THIS FIELD. NEVERTHELESS I ANNOUNCED IN MAY THAT THE GOVERNMENT PROPOSED THREE BASIC EXTENSIONS TO THE FOREIGN TAKEOVERS LEGISLATION.

THE MOST SERIOUS OMISSION IN THE PRESENT ACT IS THAT IT APPLIES ONLY TO THE PURCHASE OF SHARES. IT DOES NOT PREVENT AN OVERSEAS COMPANY BUYING ALL OR PART OF THE ASSETS OF AN AUSTRALIAN COMPANY AS DISTINCT FROM THE SHAREHOLDINGS. THIS IS A MAJOR LOOPHOLE. THE EFFECT OF BUYING SHARES OR BUYING ASSETS IS THE SAME. THE SECOND DEFICIENCY IN THE LEGISLATION IS THAT IT DOES NOT INCLUDE COMPULSORY NOTIFICATION REQUIREMENTS FOR FOREIGN COMPANIES PROPOSING TO MAKE SUCH A TAKEOVER OF ASSETS. WE WILL INCLUDE SUCH PROVISIONS. WE PROPOSE A THIRD AMENDMENT. THE LEGISLATION DOES NOT EXTEND TO COMPANIES ALREADY UNDER FOREIGN CONTROL BUT IN WHICH THERE IS A SIGNIFICANT MINORITY AUSTRALIAN INTEREST. THERE HAVE BEEN A NUMBER OF OCCASIONS WHEN THE AUSTRALIAN EQUITY IN A VENTURE HAS BEEN DIMINISHED BY A SHARE ISSUE OR A SHARE SWAP. WE PROPOSE THAT, ON CERTAIN CRITERIA, ANY ATTEMPT TO DIMINISH A SIGNIFICANT AUSTRALIAN INTEREST, EVEN IF IT IS A NON-CONTROLLING INTEREST, SHOULD BE MADE EXAMINABLE IN ACCORDANCE WITH THE PROCEDURES DEVELOPED BY THE FOREIGN TAKEOVERS COMMITTEE. .../8

CONTROL OF FOREIGN TAKEOVERS IS ONE ASPECT OF POLICY DESIGNED TO MAXIMISE AUSTRALIAN OWNERSHIP AND CONTROL. THE GOVERNMENT IN ITS ADMINISTRATIVE ARRANGEMENTS HAS ESTABLISHED A BROADER SYSTEM OF SURVEILLANCE OF FOREIGN INVESTMENT PROPOSALS NOT INVOLVING DIRECT ACQUISITION OF AUSTRALIAN BUSINESSES. I ANNOUNCED IN MY POLICY SPEECH THAT WE WOULD FORMALISE THESE ARRANGEMENTS. WE WOULD ESTABLISH A BROAD SCREENING PROCESS WHICH WOULD COVER BOTH THE FOREIGN TAKEOVERS PROCEDURES, AS AMENDED, AND NEW DIRECT FOREIGN INVESTMENT. ANY NEW FOREIGN COMPANY PROPOSING TO SET UP IN AUSTRALIA FOR THE FIRST TIME, OR ANY FOREIGN COMPANY PROPOSING TO EXTEND ITS INVESTMENT INTO NEW AREAS, WOULD BE REQUIRED TO APPLY TO THE TREASURY AND THE DETAILS OF THE PROPOSED INVESTMENT WOULD BE REVIEWED.

THE SCREENING PROCESS WILL ENSURE THAT ANY PROPOSED FOREIGN INVESTMENT WHICH IS ALLOWED CONFORMS WITH AUSTRALIA'S NATIONAL INTEREST. THE MATTERS WHICH WILL RECEIVE PARTICULAR ATTENTION ARE EXPORT FRANCHISES, RESEARCH AND DEVELOPMENT EXPENDITURE, LICENSING OF TECHNOLOGY, PURCHASING POLICIES AND TAX AVOIDANCE. OVER A PERIOD OF TIME GUIDELINES IN THESE AREAS WILL BECOME MORE DEFINITE AS OUR EXPERIENCE GROWS. FOREIGN COMPANIES ALREADY OPERATING IN AUSTRALIA WILL BE EXPECTED TO CONFORM WITH THESE GUIDELINES PROGRESSIVELY. IN THIS WAY WE WILL ENSURE THAT THE FOREIGN INVESTMENT THAT HAS ALREADY BEEN ALLOWED WILL CONFORM TO THE AUSTRALIAN NATIONAL INTEREST AS WELL AS ANY NEW FOREIGN INVESTMENT THAT IS ALLOWED.

IN KEEPING WITH THE INTENTIONS I STATED IN MAY, THE GOVERNMENT IN JUNE ESTABLISHED A NEW INTERDEPARTMENTAL COMMITTEE TO EXAMINE AND PROVIDE ADVICE ON FOREIGN INVESTMENT PROPOSALS WHICH COME UNDER NOTICE THROUGH THE EXCHANGE CONTROL MECHANISM AND DO NOT INVOLVE THE TAKEOVERS OF AUSTRALIAN BUSINESSES. THE NEW COMMITTEE PARALLELS AND COMPLEMENTS THE EXISTING COMMITTEE ON FOREIGN TAKEOVERS. IT HAS ALSO BEEN ASKED TO BRING FORWARD, FOR THE GOVERNMENT'S CONSIDERATION, DETAILED PROPOSALS FOR THE SCREENING OF FOREIGN INVESTMENT ACTIVITIES WHICH DO NOT INVOLVE EXCHANGE CONTROL APPROVALS - FOR EXAMPLE, INVESTMENT PROPOSALS WHICH WOULD BE FINANCED BY FOREIGN INTERESTS FROM FUNDS AVAILABLE TO THEM FROM AUSTRALIAN SOURCES.

THE GOVERNMENT IS NOT LOOKING AT FOREIGN INVESTMENT IN A PURELY NEGATIVE WAY; IT IS NOT SIMPLY IMPOSING RESTRICTIONS. AS I SAID IN A SPEECH IN PERTH ON THE SECOND OF MAY: "THE QUESTION IS NOT WHETHER WE PERMIT OVERSEAS CAPITAL TO DO LESS - THE QUESTION IS WHETHER WE CAN ENSURE THAT AUSTRALIAN DOES MORE." IT IS WITH THIS IN MIND THAT WE HAVE SOUGHT TO EXTEND THE ACTIVITIES OF THE AUSTRALIAN INDUSTRY DEVELOPMENT CORPORATION. IT IS FOR THIS REASON THAT WE HAVE PERSEVERED WITH ESTABLISHING THE PETROLEUM AND MINERALS AUTHORITY. IT IS THROUGH THESE AGENCIES THAT WE CAN MOBILISE AUSTRALIA'S HUMAN AND CAPITAL RESOURCES TO ENABLE US TO DEVELOP OUR OWN RESOURCES AND INDUSTRIES. SUCH GREAT ITALIAN ENTERPRISES AS ENI AND THE ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE (IRI) HAVE INDICATED HOW CORPORATIONS CAN PLAY A VITAL ROLE IN MODERATE SIZED COUNTRIES WITH LIMITED RESOURCE CAPITAL.

HAVING OUTLINED OUR INTENTIONS IN THIS FIELD, I REPEAT THAT THE GOVERNMENT STILL SEES A PLACE FOR FOREIGN INVESTMENT IN AUSTRALIA. WE ARE APPLYING OUR POLICY IN A PRAGMATIC WAY AND WE ARE EXAMINING ALL CASES ON THEIR INDIVIDUAL MERITS. WE AIM TO MAKE OUR JUDGEMENTS TAKING INTO ACCOUNT THE FULL CIRCUMSTANCES OF EACH NEW PROJECT, INCLUDING SUCH FACTORS AS THE SIZE AND LOCATION OF THE PROPOSED PROJECT, THE USE MADE OF ADVANCED TECHNOLOGY, MARKETING ARRANGEMENTS, ENVIRONMENTAL ASPECTS, LABOUR RELATIONS AND ABORIGINAL INTERESTS. THIS WILL NOT DENY PRODUCTIVE INVESTMENT, IN PARTNERSHIP WITH AUSTRALIAN CAPITAL, WHICH ADDS TO OUR REAL RESOURCES.

THERE IS THEREFORE EVERY OPPORTUNITY FOR FRUITFUL ITALIAN INVESTMENT IN AUSTRALIA. WHILE RECOGNISING OUR NEED TO PROTECT OUR NATIONAL INTERESTS, ITALIAN INVESTORS CAN BENEFIT FROM AUSTRALIA'S RESOURCES AND INDUSTRIAL OPPORTUNITIES. AUSTRALIA IN TURN CAN BENEFIT FROM ITALIAN TECHNOLOGY AND CAPITAL.