



PRIME MINISTER

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OPENING OF NEW MERCEDES-BENZ TRUCK PLANT, MULGRAVE

I am very pleased to have been invited here to Mulgrave today to open this new truck assembly plant for Mercedes-Benz.

I understand that a little later I shall have the opportunity to be driven in a new Mercedes-Benz truck, the first off the new production line.

I am further told that this truck has been especially modified to suit Australian conditions. I was most interested to hear what these necessary modifications are - they sound like a recipe for an Australian politician. The truck is a prime mover designed to withstand a long haul. There is a new cooling system to combat extreme temperatures, and particular attention has been paid to improving the quality of the exhaust system.

It is most pleasing that Daimler-Benz, the World's biggest diesel truck manufacturer, have demonstrated their confidence in the future of Australia by proceeding with this plant. I understand the construction of this plant represents a capital investment of about \$1.5million.

This new plant will enable your company to increase significantly its use of Australian employment and materials. The completion of this plant, I understand, brings all major Mercedes-Benz commercial vehicle operations in Australia into one complex, enabling the development of further models specifically suited for Australian conditions.

New investment such as this is vital to the Australian economy. The Government's objective is to reduce inflation and unemployment, and secure a full economic recovery. For this to happen, increased capital investment like this plant is essential. It creates new jobs, it enables increases in productivity and efficiency, and it helps to provide greater choice, service and quality of product for the Australian consumer.

That is why one of the first actions of the Government on coming to office was to introduce an investment allowance, and to encourage more actively foreign investment in Australia. That is also why the Government has been prepared to give these industries that have set up in Australia, and the Australian workers whose jobs depend upon them, the protection they need.

The protection we have given, looked at over the totality of our trade, is reasonable - in fact, in many respects, our record is better than that of the major trading blocs.

While we have protected our secondary industry, we have still allowed considerable access to our markets by other countries. For our size, we are a major importer of industrial products.

In 1975, for example, the value of our imports of industrial products per head of population (US\$554) was nearly three times that of E.E.C. (\$197) and U.S.A. (\$208) and over six times that taken by Japan (\$90).

In 1974 half of our industrial imports entered Australia completely free of duty. In Japan and U.S.A. by comparison, only 31% and 16% of imports were in the same category in that year. Less than 9% of Australia's total imports were subject last year to any form of quantitative restriction or other emergency restraint.

By contrast, many of our major exports are subjected to such restrictive measures by one or more of the E.E.C., Japan and the United States - countries with a combined domestic market of over 580 million people.

E.E.C. import levies effectively exclude all our dairy products, sugar and soft wheat, and limit beef imports to a negligible amount.

Despite 4000 tonnes of European cheese entering this country annually, we cannot sell even a kilogram of butter to Europe. The United States import quotas exclude all but a minimal quantity of our dairy products, and our beef is subject to voluntary restraint arrangements. Japan severely restricts imports of beef.

Moves are afoot in the United States to restrict imports of our zinc, and action is being taken in the E.E.C. against our steel.

In even one of our most protected industries, passenger motor vehicles, 20% of the market is made available to importers of foreign vehicles.

Yet the E.E.C., which supplies 90% of its own steel requirements, through its inefficient and highly subsidised domestic industry, now wants to restrict all imports of Australian steel.

In sharp contrast to overseas practice, Australian protection is mostly in the form of tariffs. They are applied after an open public enquiry has been held, a procedure which few other developed countries have. Unlike quantitative restrictions, tariffs do allow continued access by imports and some measure of competition.

What is more, our level of tariff protection fell by more than a quarter between 1968/69 and 1974/75. Comparing simple averages of tariff rates, our tariffs on industrial items are only slightly higher than the U.S., the E.E.C. and Japan, all of which use non-tariff measures more widely than Australia, and take a far more restrictive approach than Australia on agricultural products.

Australia also has a far better record than many other major industrial countries in our trade with developing countries. Some 80% of imports from developing countries now enter Australia either duty-free or at preferential tariff rates, and we take more imports of industrial products per capita from developing countries (US\$45.3 in 1975) than the United States (\$40.0), Canada (\$32.4), the E.E.C. (\$27.6) or Japan (\$17.6).

Given the way many of our products have been dealt with overseas, it is perhaps remarkable that our markets are as open as they are to imports. We do ourselves a disservice when we seek to suggest to ourselves, and thus to the World, that Australian trading policies are unduly protective of Australian manufacturing industry. They are not.

If we were freely allowed to export and sell all the products which we produce best and cheapest, then our trading position would be far stronger. But the restrictions imposed on our exports by the E.E.C., Japan and, on occasions which we cannot ignore, by the United States, are such that some of Australia's most efficient industries by World standards are in a grievous financial position. The total Australian economy is thereby weakened.

Obviously, this has significant employment consequences, and consequences for the kind of competition we can allow in our domestic market. The issues of trade and incentives to local industry affect us all - the worker on the assembly line every bit as much as the businessman and the consumer.

The Government this year will be expending much effort and time in endeavouring to secure access for our exports on terms as advantageous as the access which we extend to importers to this country.

This will of course be the principal concern of the new Minister for Special Trade Representations, Vic Garland, as well as the active concern of the Deputy Prime Minister, the Minister for Primary Industry, and myself.

We are also committed this year to re-introducing an effective scheme of export incentives.

Ladies and Gentlemen, this truck assembly plant is a welcome development for Mulgrave, for Victoria, for Australia, and above all for Mercedes-Benz, and those Australian working-men and women employed by Mercedes-Benz. I hope it will be a long and happy relationship marked by good industrial relations - an enterprise conducted in a spirit of partnership between all those working in it.

It gives me great pleasure to declare the assembly plant officially open.

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