



PRIME MINISTER

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ADDRESS
AT

ASEAN TRADE FAIR

I am delighted to be here today to open the ASEAN Trade Fair, and to see so many representatives from ASEAN countries.

The idea of a Fair to promote further the development of economic co-operation between Australia and ASEAN was first suggested in discussions I had with the ASEAN Heads of Government in Kuala Lumpur in August 1977. It is a tribute to everyone involved that the idea has been transformed into such an impressive reality.

It has required hard work and co-operation on the part of the exhibitors, and the national trade promotion agencies of each of the ASEAN countries, in conjunction with Australian authorities.

The Fair has been financed by the Australian Government with the objective of providing companies from ASEAN with an opportunity to present new products to the Australian market, to promote existing exports, and to obtain a better appreciation of the Australian market and its particular requirements.

Australia's economic relationship with ASEAN is healthy and growing, despite the economic difficulties that we have all experienced in recent years. Trade between Australia and ASEAN has grown dramatically. Australian imports from ASEAN grew from \$97million in 1971/72, to \$557 million in 1977/78. This represents an average annual growth rate of 34% compared with a corresponding figure of 19% for total Australian imports.

ASEAN's share of the Australian import market has increased from 2.4% to 5% in that period. Manufactured imports from ASEAN have increased dramatically. Australia's imports of manufactures from ASEAN countries grew at an average rate of 47% a year between 1971/72 and 1977/78 - more than twice the rate of our total imports of manufactures.

Trade has grown even in sensitive areas, at times at the expense of Australian industry. For example, Australian imports of clothing, textiles and footwear from ASEAN have grown from \$6.5million in 1971/72 to \$45.1million in 1977/78 - an annual average growth rate of 38%.

During 1975, on the basis of the latest revised statistics provided by GATT, Australian imports of these sensitive products amounted to \$2.14 per head. Comparable imports in that year by the United States amounted to only 63 cents per head; by the EEC, 51cents per head; by Canada, 41cents per head, and by Japan, 25 cents per head. If these countries had imported from ASEAN the same value per head as we have, ASEAN exports of these sensitive items would have been in 1975 around \$1,000 million higher.

Historically, it is true that Australia has sold more to ASEAN than it has bought from ASEAN. This situation reflects a number of factors including the difference in population size between Australia with 14 million people, and ASEAN with approximately 240 million people.

Nevertheless, this trade gap is narrowing. Last financial year our exports to ASEAN grew by 29%. Too often, reports ignore the growth of our two-way trade, and dwell on the few problems that are inevitable in a healthy and growing trade relationship. When these problems do emerge, it is important that they be tackled in a positive way - that we all make an effort to achieve a better understanding of the situation each of our countries faces, and not allow difficulties to distort our total trading relationship.

There is a natural trading relationship between ASEAN and Australia. Economic development in ASEAN is creating a demand for Australian raw materials and consumer and capital goods, and already the ASEAN countries have benefitted from the general growth in imports into Australia, and from policies designed to promote imports from developing countries, including ASEAN.

The ASEAN countries now supply some 28% of imports eligible for preferential treatment under the Australian system of tariff preferences for developing countries. In fact, approximately 85% of imports from ASEAN enter Australia duty free, or are eligible for duty free or preferential treatment under the developing country preference system. In addition, ASEAN exporters have been major users of the market advisory section in the Department of Trade and Resources, which has coordinated arrangements for this Fair.

That section has assisted ASEAN businessmen through servicing more than 300 product enquiries, and has facilitated at least 10 trade missions from ASEAN in recent years; two of those missions will be in Australia next week.

It may take effort and extensive market research to penetrate the Australian market in the face of strong competition from third country suppliers. But the effort is worthwhile and Australia will continue to assist ASEAN exporters in their efforts to sell in this country.

Australia and ASEAN both want to see significant and stable growth in world trade as a whole. This would mean increased trade and prosperity for Australia and all its trading partners. It would help stimulate Australian/ASEAN trade to our mutual benefit.

With regard to our own exports, Australia has been active in increasing its sales to numerous parts of the world. A number of ASEAN nations, particularly China, South Korea, Hong Kong and Taiwan, have shown strongly growing demand for Australian products, particularly for agricultural and mineral commodities. Indeed, China has jumped from being our fifteenth largest export market in 1976/77 to fourth largest in 1977/78; while South Korea has risen from thirteenth position to ninth.

As an indication of the importance we attach to markets in this region, the Deputy Prime Minister and Minister for Trade and Resources, Mr. Anthony is to visit China this week to seek further sales for Australian products. Australia also sees the oil-rich countries of the Middle East as increasingly important buyers of our products.

We have opened a number of trade commissions in the area in the past few years and strengthened existing posts. Our exports to countries in this region, particularly Iran, Saudi Arabia and Kuwait, have grown significantly in recent years. Over the last five years our exports to this region have risen by 400% to over \$750 million. We are determined to increase our trade to markets all around the world.

Australia's close involvement with ASEAN is not of course confined to trade matters. Over recent years, Australian investment in the region has grown, our aid programme has steadily built up, and there has been much closer and more regular consultation and exchange at all levels. What is particularly pleasing is the development of Australia's relations with ASEAN as a whole, as well as with its individual member countries.

Australia has participated in a number of major initiatives in this field and is proud of this record. Very early on, in 1974, we established a formal relationship with ASEAN, and we now hold annual officials' talks known as the ASEAN/Australia Forum. The fourth meeting will be held next week and we are very pleased indeed once again to be able to welcome ASEAN officials to Canberra.

Australia was also the first country to establish an economic cooperation programme with ASEAN. This now represents a commitment of \$15 million. It has improved contacts between specialists in various fields in ASEAN and Australia.

Perhaps the most important landmark in our relationship was the meeting of the ASEAN Heads of Government, and Mr. Fukuda, Mr. Muldoon and myself, in Kuala Lumpur last year. It placed the relationship between ASEAN and its neighbours on a new footing and strengthened mutual understanding among all our countries.

In the year since the Kuala Lumpur summit, much progress has been made towards developing closer practical forms of cooperation and consultation. One of the most important of these has been the proposal to establish ASEAN/Australian consultative meetings. The terms of reference have now been agreed between the ASEAN and Australian Governments.

No one denies that there have been on occasions, some difficulties and misunderstandings on trade matters. This new consultative machinery will provide the ASEAN and the Australian Governments with better opportunities for communicating their interests and concerns. I trust that it will also provide a better opportunity for discussing and resolving mutual trade problems before they become too difficult.

Another event on this year's calendar was the Australia/ASEAN Industrial Cooperation Conference in Melbourne. It was highly successful in bringing together representatives of the private sector and government from both ASEAN and Australia. I am sure that this Trade Fair will be similarly successful.

The Government's hope is that this and future fairs will increase Australian business awareness of ASEAN and what it has to offer, and also help ASEAN to improve further its competitive footing in the Australian market.

These are just some of the areas of cooperation. Others will have a slightly longer term focus. For instance, the Australian/ASEAN Joint Research Project which I announced last year in Kuala Lumpur will aim at establishing a sound basis of knowledge from which the long-term relationship can be developed. I have also indicated Australia's willingness to assist where possible in the development of the ASEAN industrial projects.

The Government fully recognises the importance to Australia of the future of ASEAN. Gatherings such as these provide the opportunity to build up both the personal and commercial contacts which will be so necessary in cementing relations between Australia and ASEAN.

A very important interest shared by Australia and the countries of ASEAN is our common concern about world commodity trade. It is an issue which has been too often set aside by the major developed countries in important international negotiations. The Multilateral Trade Negotiations have now been in progress for a very considerable length of time. If these negotiations lead to a new Multilateral Trade Agreement, such an agreement will set the pattern for international trade for the next few decades. But I may say that the omens for a satisfactory conclusion of MTN are not all good. The negotiations were originally due to conclude in July. They were then scheduled to conclude by the end of this year. Now even that target seems unlikely to be achieved. There is evidence that the negotiations are losing their momentum - losing sight of the prime aim to secure a fairer and stronger world trading system. It is essential that the MTN succeeds in liberalising trade in all products, not just those of interest to the major industrial countries.

Agriculture and other commodities are of vital importance to most developing countries including ASEAN. Trade in these products can no longer be left off the agenda of international negotiations. A better deal must be achieved for commodities.

Unstable commodity prices and markets have harmed the export earnings and growth prospects of developing countries, indeed of all commodity producing countries. Australia knows this from its own experience.

For the purchasing countries, boom-then-bust commodity markets have entailed sudden massive price swings, and often set off irreversible wage rises and longer term inflationary pressures. It is in the interests of both producers and consumers that there be stable commodity trade. The Australian Government believes that a viable and well-managed Common Fund can help achieve this goal, and we have made every effort to assist in bringing about agreement between the developed and developing nations on this issue.

Australia participated in the CIEC Conference in June last year where the first agreement in principle was reached, on the need to establish a Common Fund. We pursued the matter at the Commonwealth Heads of Government meeting in London, and a technical group was established to look at how such a fund might be set up.

At the Commonwealth Regional Meeting last February, we announced our decision to break away from the rather inflexible stance then being taken by the developed countries, and since then we have been using all our diplomacy and powers of persuasion to help in bringing both sides together. In April, at our initiative, a meeting of Commonwealth ministers was held in London to consider the report of the technical group, and a significant degree of consensus was reached.

Later that month I discussed this issue in detail with Mr. Fukuda and other members of the Japanese ministry, and in June I pursued this matter vigorously in the United States and Europe.

At the OECD Ministerial Council Meeting in Paris, the Minister for Foreign Affairs, Andrew Peacock, took the initiative in holding detailed discussions with Mr. Vance on the Common Fund issue. In our view, this major effort has proven most worthwhile.

We have been encouraged by recent signs that some of the major participants in the negotiations are reviewing their positions, and may be prepared to adopt a more flexible approach in the UNCTAD Negotiating Conference to be held next month. The U.S. attitude will be critical to the successful conclusion of the Common Fund negotiations. It was therefore most encouraging that U.S. Secretary of State Vance affirmed at the U.N. General Assembly that a soundly designed Common Fund could play a useful role in alleviating commodity problems and benefit participating countries. For its part, the Australian Government will take every opportunity to promote a consensus on the issue from now until the end of the Negotiating Conference.

Two senior Australian officials have just completed talks with U.S. officials with a view to further developing the Common Fund concept. We are hoping to hold similar discussions with other countries as the opportunity arises in the lead up to the Negotiating Conference, and in this we would hope to cooperate with the ASEAN countries.

They have a reputation for good sense and moderation in international forums, and I believe they will have a most important role to play in achieving the consensus we hope will emerge. A further opportunity will arise for us to pursue this matter in December at the meeting of a group of developed and developing countries called by the Jamaican Prime Minister, Mr. Manley. The fact that a number of Heads of Government have agreed to meet in the last week of December underscores the movement that is taking place on this issue, and the significance which many government leaders are now attaching to it.

In Australia, we have watched ASEAN's development with admiration. The achievements have been outstanding. The countries of ASEAN have tackled their problems with vigour and determination. Through their own efforts the five countries are steadily bringing greater prosperity and stability to their region. Each country has better than 6% annual growth rates.

The ASEAN countries are developing close cooperation as an economic group at both the government and private levels and building harmonious relationships with their neighbours. Australia is delighted to have such growing and prosperous neighbours. I am sure that this Fair will help develop Australia's relationship with ASEAN. I wish the Fair every success, and I hope that all our ASEAN exhibitors go home with full order books.