EMBARGO: 6:00 pm

PRIME MINISTER

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ELECTORATE TALK

One of the most exciting industrial projects of the present
time is the development of the world car. The world
automotive industry is going through a period of dramatic
change which will intensify throughout the 1980's.
Increasing costs, together with demand for more fuel
efficient vehicles, are encouraging integration of operations
and the use of common vehicle components on a world basis.

The world car concept involves production by related companies
in different countries of cars with common design factors.
Over the next decade, the industry will be putting a huge
effort into the design and production of smaller, lighter
and more fuel efficient cars.

Front wheel drive, transverse engines, together with electronic
parts will become common. Production of component modules
-- such as trans-axles, engines and ignition equipment -- will
take place in specialised facilities. They will be produced
on a scale designed to minimise costs. These facilities will
be located throughout the world, where the best comparative
advantages can be obtained.

With five manufacturers operating in a small market the
Australian industry has lacked access to scale economies
and opportunities for specialisation. This has inhibited
productivity and quality improvements and has limited the
ability of Australian manufacturers to compete in both domestic
and export markets.

The Australian vehicle industry needs to respond to the new
challenge. Their product must be attractive to the Australian
market compared with imports, less costly to produce in
Australia, and have greater export potential.

The best way the industry can ensure its future prosperity
is to reduce costs and increase competitiveness through large
scale export activities. Australia is responding to these
challenges with its entry into the world car scheme. General
Motors-Holden, for example, is planning a $210 million four-
cylinder engine complex in Victoria. This new plant will be
one of four such plants throughout the world producing engines
for a world car.

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It is great news for Australia that two-thirds of the output of the Australian plant will be exported to Europe. I am confident that this is only the first stage and that other sectors of the Australian motor vehicle industry will follow in this export drive.

Today, there is a high standard of design and craftsmanship in our motor vehicle industry. We are building world-class products -- and for that Australian workmen and Australian engineers can take a good deal of pride.

Some changes have been made to the Government's motor vehicle plan to encourage these new developments. The Government has approved these changes because it believes the longer-term viability and competitiveness of the local industry will be enhanced and cheaper cars offered to consumers. On top of that it will result in greater work security for more employees than would otherwise be the case.

The Government has made many other moves in the past few years to assist Australian firms to get into export. We have introduced a new Export Expansion Grant Scheme, improved the Export Market Development Grant Scheme, extended the service offered by the Export Finance Insurance Corporation, established an Overseas Projects Corporation, and up-graded the general services provided by the Department of Trade and Resources to individual exporters. But the greatest incentive the Government has given exporters has been to reduce inflation.

Australian firms are now competing successfully in some of the world's toughest markets. They are exporting to markets that would have been nothing more than a dot on the map a few years ago. We are now more competitive than at any time during the last seven years. This export activity will benefit every Australian. It builds on confidence, assists general economic recovery and provides a basis for creation of new job opportunities. Our involvement in the world car scheme deserves the strongest community support.

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