



SPARES 3

PRIME MINISTER

FOR MEDIA

MONDAY, 4 AUGUST, 1980

ADDRESS TO SECOND ASEAN TRADE FAIR MELBOURNE

The welcome I extend to you today, on behalf of the Australian Government, is a very sincere and warm one.

This fair brings us another step forward, not only in confirming the strength of the existing relationship between our countries and our Governments: but also in confirming the growing importance we place on this relationship. Through this fair, ASEAN Governments and business leaders are given an important promotional opportunity for their products in the Australian market.

These ties between Australia and ASEAN have developed rapidly. Thirty years ago, we knew relatively little of each other. Our colonial histories were quite different. Australia developed much of her trade under imperial preferences. We depended almost entirely on our income from rural products.

As Australia underwent post-war development of its economy, the countries of Asia, particularly South-East Asia, became markets for our developing manufacturing industry, our commodities and our raw materials. This brought more and more Australian businessmen and Government leaders into contact with South-East Asia. Our trade links were beginning to develop; and they have matured during a period of great change for our economy and those of the South-East Asian countries.

Now, your countries have developed as a significant and growing economic force. You are enjoying rapid industrialisation; and, in a difficult world economic environment, you have generally enjoyed sound growth rates.

For our part, Australia has been successful in containing inflation; in providing a stable economic environment; and in promoting the co-ordinated and responsible development of our natural resources. As a result, Australia is a net energy exporter; an advantage which adds significantly to our long standing status as an important raw material producer.

These new circumstances in which we are placed, mean that the challenges of the new decade contain great opportunities for us all.

We, in Australia, see our continuing capacity to take advantage of these opportunities, as being dependent upon our encouragement of the competitive instinct. Because, for us all, in Government and in business, we will need to adopt a truly international outlook and become competitive beyond our own shores.

The strategy of looking mainly to the domestic market, appropriate in the early stages of industrial development, is not the strategy which will take us successfully through the 80s. There is no going back to it. The fears of the decade ahead only exist for those who want to meet it with the solutions of the past.

Great changes have taken place in recent times in the international economic and energy order. None of these changes are temporary. Those who imagine them to be so merely yearn for a past where business and industrial life was safe and more comfortable.

We believe that Australia's economic machinery is geared to move us confidently ahead. And Australian industry is already making successful adjustments in a wide range of areas. There is already, underpinning many of the industrial projects of the future, an outward-looking, forward-thinking, progressive sense of management. Figures bear witness to the success of our relationship with ASEAN countries.

Two-way trade between Australia and ASEAN has increased substantially in recent years, despite international economic problems. In the calendar year ended December 1979, this trade was over \$2 billion, more than double the level of 1975/76. From the early 70s, while Australia's exports to ASEAN have grown steadily, our imports from ASEAN have expanded rapidly at a rate of around 35% per annum - almost twice the annual rate of growth of imports from all sources. In the same period, the growth rate of imported manufactured products from ASEAN countries has been just as dramatic, running at an annual average growth rate of over 40%: a rate much higher than that for our total imports of manufactures.

With the textiles, clothing and footwear industries, often the target of criticism about perceived Australian protectionism, the picture is very much the same. ASEAN has enjoyed a rapid penetration of the Australian market for textiles, clothing and footwear, with imports rising from \$2 million in 1971 to \$55 million in 1978-9. When one considers that our total imports in these areas were more than \$1,200 million in 1978/79, it is clear that there is still considerable scope for ASEAN to improve its share of the import market.

In value terms, imports account for about 32 per cent of the Australian market for textiles; and over 22 per cent of the market for clothing. This is a much higher penetration than in the U.S.A., Japan and the E.E.C. In the case of clothing, the penetration in these countries is estimated to be between 8 and 13 per cent; for textiles 2 to 14 per cent. By these standards our market is more open than those of these advanced industrialised countries.

From the existing base, the potential for expansion of trade between Australia and the ASEAN countries is very great. ASEAN includes some of the fastest growing economies in the world, with extensive sales to developed countries. This growth, together with the realities of the new international energy order, means that, more and more, Australia is becoming a significant supplier of both energy and raw materials to our neighbours in the Asia/Pacific region.

As these countries widen and deepen their industrial base, there will be greater demands for Australian raw materials and energy. At the same time, successful, competitive producers in ASEAN, and Asia, will be able to take advantage of the opportunities for imports in the Australian markets.

It is my Government's determination to develop, to the greatest possible extent, trade within the region. For this purpose, through the Australia/ASEAN economic co-operation programme, the Australian Government is providing considerable funds to assist ASEAN countries to explore the potential for their goods in Australian markets.

The Australian Government, in 1974, established a market advisory service to assist producers in developing countries in investigating market prospects. And I am pleased to note that ASEAN countries have been significant users of this service.

Apart from this promotional assistance, developing countries enjoy preferential tariffs to encourage our importers to consider new sources of supply.

The five ASEAN countries provide a significant share of the total Australian imports coming in under this system. In June of this year, the ASEAN/Australian Business Council was established between the ASEAN Chambers of Commerce and Industry and the Confederation of Australian Industry and Australian Chambers of Commerce. This should provide a worthwhile forum for expansion of business links between Australia and ASEAN.

Further indications of the increased importance of these links between our countries can be gauged from investment figures. A decade ago, Australian investment in the ASEAN countries was relatively insignificant - \$1 million new Australian investment in 1969/70. In 1978/79, new Australian investment in the region had risen to \$41 million, representing nearly one-fifth of the total outflow of Australian investment abroad in that year. All of this highlights a positive programme of continuing progress and adjustment, occurring throughout many sectors of our economies. And this can only be to our mutual advantage. This advantage will increase in the future, through Government and industry identifying their respective responsibilities.

The essential role of Government will continue to be one of creating institutional machinery and a broad economic policy framework in which market forces can operate. We take the view that Government can not replace the key role of investors and company managers in deciding where capital will be directed; in determining which companies and industries will successfully carry new projects to completion and subsequent profit; in anticipating which products can compete effectively in a tough and changing trading scene.

Where appropriate, we are prepared, and should provide, incentives to our industries. But the main engine of growth and progress must be our private sector. I have great confidence in the capacity of our business managers to recognise the changes in the external environment and to perceive the new trading and investment opportunities which these changes are creating. The historical lesson of Australian industry is that successful management is management which adjusts.

Australian economic strength will continue to depend on the Government's capacity to provide the environment in which entrepreneurs, business managers and farmers can create, or build upon, industries capable of competing effectively in the trading world.

One of the great advantages of this Fair is that it gives, to ASEAN Government and business leaders, firsthand knowledge and experience of what is happening in Australian industry and the Australian economy. But, just as important, the ASEAN Trade Fair enables our Government and business leaders to become aware of how we should approach the ASEAN economies with a full understanding of what they can provide; of the opportunities they offer; and of the directions being taken in their development.

This is essential, not just because we are neighbours and have a mutual interest in economic development. It is also essential because this decade has already indicated to us the need for heightened regional security. And our ability to co-operate in trade and development promotes trust and co-operation at the political and diplomatic level.

However, this Fair is more than just a trade promotion activity. It is a symbol of the close co-operation and friendship between Australia and the ASEAN nations. For over a year now, many people have worked towards this occasion. Australian and ASEAN Government officials have collaborated closely in the design and promotion of the display.

It has brought together Ministers from the countries of ASEAN and Australia in an atmosphere of good will and co-operation. What we have before us, is the result of the work of many people from our region, united in a common purpose.

I have no doubt that the week ahead will reinforce and strengthen the growing ties between our countries of which this Fair is a practical expression. I have much pleasure in declaring this Second ASEAN Trade Fair officially open.