

EMBARGOED AGAINST DELIVERY



CHECK AGAINST DELIVERY

PRIME MINISTER

SPEECH BY THE PRIME MINISTER
TO THE PACIFIC BASIN ECONOMIC COUNCIL - 16 MARCH 1984

I GREATLY WELCOME THE OPPORTUNITY TO ADDRESS THIS GATHERING THAT PBEC HAS BROUGHT TOGETHER JUST A MONTH AFTER MY RETURN FROM NORTHEAST AND SOUTHEAST ASIA.

FROM WELL BEFORE THE TIME THE LABOR GOVERNMENT TOOK OFFICE LAST MARCH, I HAVE STRESSED THE IMPORTANCE OF OUR LOCATION IN THE WORLD'S MOST DYNAMIC REGION TO OUR OWN LONG-TERM GROWTH PROSPECTS.

THE EFFECTIVE INTEGRATION OF AUSTRALIA'S ECONOMY INTO THIS RAPIDLY EXPANDING REGION REQUIRES AN ACTIVE AUSTRALIAN TRADE POLICY, AND POLICIES WHICH SUPPORT DYNAMIC INDUSTRY ADJUSTMENT AT HOME.

BUT ABOVE ALL ELSE, IT REQUIRES A PRIVATE SECTOR THAT IS ALERT TO THE OPPORTUNITIES FOR TRADE AND INVESTMENT IN OUR REGION, AND EFFECTIVE IN ITS RESPONSE.

FOR MANY YEARS THE PACIFIC BASIN ECONOMIC COUNCIL HAS BEEN AHEAD OF THE AUSTRALIAN COMMUNITY AND AUSTRALIAN GOVERNMENTS IN ITS AWARENESS OF ECONOMIC OPPORTUNITIES IN OUR REGION, AND ITS WILLINGNESS TO MAKE GOOD USE OF THEM.

NOW, AS THE GOVERNMENT AND COMMUNITY MOVE QUICKLY TO BUILD CLOSER RELATIONS BETWEEN AUSTRALIA AND THE COUNTRIES OF OUR REGION, I AM CONFIDENT THAT AUSTRALIAN BUSINESS WILL FIND ITS EFFORTS EVEN MORE REWARDING THAN BEFORE.

ONE PARTICULARLY STRONG IMPRESSION OF MY RECENT VISIT WAS THAT THE ECONOMIC DYNAMISM OF THE REGION OWES MUCH TO REGIONAL COUNTRIES' READINESS TO ADAPT TO CHANGE. JAPAN, OF COURSE, IS THE BEST KNOWN EXAMPLE, BUT THE REPUBLIC OF KOREA, SINGAPORE AND MALAYSIA HAVE ALSO MADE AND ARE CONTINUING TO MAKE MAJOR ADJUSTMENTS TO INCREASE THEIR ECONOMIC EFFICIENCY.

A SECOND KEY IMPRESSION IS THE DEGREE TO WHICH THOSE COUNTRIES HAVE DEVELOPED AN EXTERNAL ORIENTATION IN THEIR ECONOMIC POLICIES. THERE IS NOT THE SLIGHTEST DOUBT THAT BY BEING ALERT TO THE COMMERCIAL POSSIBILITIES OUTSIDE THEIR BORDERS AND BY GIVING PARTICULAR ATTENTION TO THE CONDITIONS OF INTERNATIONAL COMPETITIVENESS, THE COUNTRIES OF THE REGION HAVE MANAGED TO MAINTAIN LEVELS OF GROWTH AND INVESTMENT IN THEIR INDUSTRIES THAT WOULD OTHERWISE NOT HAVE BEEN POSSIBLE.

I AM MORE THAN EVER CONVINCED THAT, HOWEVER MUCH WE MIGHT BE LIVING IN AN AGE OF THE GLOBAL ECONOMY, WE SHOULD GIVE MORE EMPHASIS TO TRADE WITH THE COUNTRIES OF OUR REGION. THIS IS NOT TO SUGGEST THAT OUR TRADITIONAL MARKETS IN EUROPE AND NORTH AMERICA ARE NO LONGER IMPORTANT; INDEED, THESE MARKETS REMAIN OF CONSIDERABLE VALUE TO US.

THE REALITY, HOWEVER, IS THAT IN THE PAST TWO DECADES OUR EUROPEAN MARKETS HAVE DECLINED SIGNIFICANTLY AND OUR MAJOR TRADING PARTNER HAS BECOME JAPAN. THE ASEAN COUNTRIES AND KOREA HAVE ALSO COME TO ASSUME VERY CONSIDERABLE IMPORTANCE IN THE OVERALL PATTERN OF AUSTRALIA'S TRADING INTERESTS.

IN RECENT YEARS OUR FASTEST GROWING TRADE HAS BEEN WITH THE ASIAN REGION. THE OVERALL TREND IS TOWARDS SIGNIFICANTLY CLOSER AUSTRALIAN INVOLVEMENT IN REGIONAL ECONOMIC ACTIVITY.

THESE FACTS ARE NOW RECOGNISED BY MOST AUSTRALIANS. PEOPLE IN BUSINESS SUCH AS YOURSELVES ALSO HAVE A KEEN APPRECIATION OF THE OPPORTUNITIES THESE CHANGES HAVE PRESENTED FOR AUSTRALIAN TRADE AND ECONOMIC INTERESTS.

TO FULLY EXPLOIT SUCH OPPORTUNITIES. REQUIRES, HOWEVER, THAT AUSTRALIANS GET MUCH CLOSER TO THE ASIAN SCENE. THERE IS NO SUBSTITUTE FOR ON-THE-GROUND EXPERIENCE, FOR AUSTRALIANS CULTURALLY ATTUNED TO THE SENSITIVITIES OF THE REGION, AND BEING EXPERT IN THEIR APPRECIATION OF WHERE DEVELOPMENT TRENDS IN ASIA ARE HEADING.

EQUALLY AS IMPORTANT IS THE NEED FOR AUSTRALIANS TO CONSIDER MORE CAREFULLY AND DELIBERATELY WHAT WE MUST DO AT HOME TO ENSURE THAT WE ARE MORE COMPETITIVE AND PROPERLY POSITIONED TO CAPITALISE ON WHAT IS HAPPENING AROUND US. ESSENTIALLY THIS MEANS CONFRONTING DIRECTLY THE ISSUES INVOLVED IN LONG-TERM STRUCTURAL CHANGE.

IN SUMMARY, WHAT IS NEEDED IS A MATCHING OF ASIAN OPPORTUNITY WITH AUSTRALIAN CAPACITY.

FOR TOO LONG WE HAVE STAYED AT ARMS LENGTH FROM ASIA. WE HAVE BEEN CONTENT TOO OFTEN TO MOUTH RECOGNITION THAT OUR FUTURE LIES WITH ASIA WITHOUT ADDRESSING EITHER THE IMPLICATIONS OF THAT RECOGNITION OR THE RESPONSIBILITIES IT IMPOSES ON US. OUR APPROACH TO ASIA HAS BEEN TOO COMPARTMENTALISED.

DURING MY RECENT TRIP TO ASIA I SOUGHT TO DRAW THESE STRANDS TOGETHER. THE MAJOR THEME OF MY VISIT WAS THAT THE FUTURE ECONOMIC DEVELOPMENT OF THIS COUNTRY WILL INCREASINGLY BE BOUND UP WITH THE ASIA-PACIFIC REGION. ON ONE SIDE THIS MEANT VIGOROUSLY ESTABLISHING AUSTRALIA'S CLAIM TO A SIGNIFICANT SHARE OF ASIA'S GROWING MARKETS. ON THE OTHER SIDE IT MEANT CONFRONTING THE EXTENT TO WHICH AUSTRALIA WOULD, OVER THE LONGER TERM, NEED TO BEGIN RESTRUCTURING ITS ECONOMY IF IT WERE SUCCESSFULLY TO ENMESH ITSELF INTO THE DYNAMIC GROWTH OF THE REGION.

AUSTRALIA SIMPLY CANNOT ASSUME THAT IT CAN LAY CLAIM TO THE BENEFITS OF GROWTH IN THE REGION UNLESS AT THE SAME TIME IT IS PREPARED TO MAKE A POSITIVE CONTRIBUTION TO THE REGION.

I MAKE NO APOLOGY FOR HAVING BEEN A VIGOROUS ADVOCATE OF AUSTRALIA'S TRADING CLAIMS WITHIN THE REGION. AUSTRALIA'S PRIMARY PRODUCT, RAW MATERIAL AND PROCESSED PRODUCT EXPORTS TO JAPAN, KOREA, CHINA AND THE ASEAN COUNTRIES ARE VITALLY IMPORTANT TO THE DEVELOPMENT NEEDS OF ALL THOSE COUNTRIES AND ACCOUNT FOR A VERY LARGE PROPORTION OF AUSTRALIA'S TOTAL EXPORT INCOME. THERE IS THEREFORE A CLOSE INTERDEPENDENCE BETWEEN AUSTRALIAN AND REGIONAL ECONOMIC INTERESTS.

DURING THE VISIT I MADE IT VERY CLEAR THAT, WHATEVER EXTRANEOUS PRESSURES MIGHT BE AT WORK, AUSTRALIA SHOULD MAINTAIN ITS POSITION IN THE JAPANESE BEEF MARKET AND BE GIVEN IMPROVED ACCESS TO KOREAN MARKETS IN BEEF, GRAIN AND PROCESSED FOOD. IN EACH OF JAPAN, KOREA, CHINA AND MALAYSIA I ALSO PRESSED STRONGLY AUSTRALIA'S CLAIMS TO A VERY SIGNIFICANT SHARE OF THOSE COUNTRIES' IRON ORE AND COAL IMPORT REQUIREMENTS.

IN PUTTING AUSTRALIA'S CASE I PARTICULARLY EMPHASISED OUR POSITION AS A HIGHLY COMPETITIVE, RELIABLE SUPPLIER OF PRIMARY PRODUCTS AND RAW MATERIALS. IN DOING SO I WAS ABLE TO POINT NOT ONLY TO THE EFFICIENCY OF AUSTRALIAN PRODUCERS, BUT ALSO TO THE COMPARATIVE INDUSTRIAL PEACE WHICH HAS PREVAILED IN AUSTRALIA SINCE THE AUSTRALIAN LABOR GOVERNMENT'S ASSUMPTION OF OFFICE.

INDEED THE FACT THAT THE NUMBER OF INDUSTRIAL DISPUTES IN THE TWELVE MONTHS TO NOVEMBER 1983 WAS THE LOWEST IN FIFTEEN YEARS WAS PARTICULARLY APPRECIATED BY LEADERS OF OF INDUSTRY AND GOVERNMENT IN MANY OF THE COUNTRIES VISITED.

YESTERDAY, THE DECISIVE IMPROVEMENT IN OUR INDUSTRIAL RELATIONS PERFORMANCE WAS CONFIRMED, WITH THE RELEASE OF DATA SHOWING THAT THE NUMBER OF JOBS LOST PER THOUSAND WORKERS IN 1983 WAS OVER 40 PER CENT LOWER THAN IN 1982, AND THE LOWEST IN SIXTEEN YEARS.

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THE IMPORTANCE COUNTRIES SUCH AS JAPAN, KOREA, MALAYSIA AND CHINA ATTACHED TO THIS ASPECT REINFORCES MY VIEW THAT ADHERENCE TO THE PRICES AND INCOMES ACCORD PLAYS AN IMPORTANT PART IN SECURING CONDITIONS CONDUCTIVE TO THE LONG-TERM QUALITY OF OUR ECONOMIC RELATIONSHIPS WITH THE REGION. THIS IS QUITE APART FROM THE CENTRAL ROLE IT HAS TO PLAY IN DOMESTIC ECONOMIC MANAGEMENT.

THE RESPONSES TO MY PRESENTATION OF AUSTRALIAN TRADING INTERESTS WERE VERY ENCOURAGING. PERHAPS MOST IMPORTANT WAS THE ASSURANCE OF PRIME MINISTER NAKASONE THAT JAPAN WOULD NOT SOLVE ITS TRADING PROBLEMS WITH THIRD COUNTRIES AT THE EXPENSE OF AUSTRALIA-JAPAN TRADE. THIS ASSURANCE IS OF CRITICAL SIGNIFICANCE TO A NUMBER OF AUSTRALIAN TRADING INTERESTS. IT STANDS AS A CLEAR ACKNOWLEDGEMENT OF THE ENDURING QUALITIES OF AUSTRALIA AS A RELIABLE AND COMPETITIVE SUPPLIER AND OF THE DANGERS POSED TO ORDERLY INTERNATIONAL TRADING ARRANGEMENTS BY ANY SURRENDER TO BILATERALISM. IT IS AN ASSURANCE TO WHICH I ATTACH PARTICULAR IMPORTANCE.

I WOULD EXPECT IT TO FIND A POSITIVE REFLECTION IN THE APPROACH TAKEN BY BOTH AUSTRALIA AND JAPAN TO CURRENT NEGOTIATIONS ON BEEF, COAL AND IRON ORE.

QUITE APART FROM THE OPPORTUNITY IT PRESENTED TO PURSUE MATTERS OF TRADITIONAL INTEREST, MY VISIT ALSO WAS AN OCCASION TO WEIGH THE SIGNIFICANCE FOR AUSTRALIAN TRADING INTERESTS OF THE CHANGING STRUCTURES AND DEMANDS OF THE REGIONAL ECONOMIES.

SOME VERY SIGNIFICANT ADJUSTMENTS ARE GOING TO HAVE TO BE MADE BY AUSTRALIAN PRODUCERS IF THE MOMENTUM OF EXISTING TRADE RELATIONSHIPS IS TO BE MAINTAINED. IMPORTANTLY THE STRUCTURE OF AUSTRALIA'S TRADE WITH COUNTRIES SUCH AS JAPAN WILL HAVE TO BE BROADENED - NEW MARKETS WILL HAVE TO BE DEVELOPED WITH A MORE DIVERSIFIED, MORE SPECIALISED PRODUCT MIX. WITH JAPAN THIS WILL MEAN FOCUSING PARTICULARLY ON THE OPPORTUNITIES ASSOCIATED WITH HER IMPORT EXPANSION SCHEME; WITH CHINA IT WILL MEAN CAREFUL EFFORT TO EXPAND TWO-WAY TRADE WITHIN THE ACTION PLAN; WITH KOREA AND THE ASEAN COUNTRIES IT WILL MEAN CONTINUED, CLOSE, ON-THE-SPOT MONITORING OF THE POSSIBILITIES OPENING UP ON AN ALMOST DAILY BASIS.

MY VISITS TO TOKYO AND OSAKA REINFORCED MY VIEW THAT JAPAN WILL REMAIN A KEY COUNTRY IN AUSTRALIA'S CALCULATIONS. IT IS TRUE THAT THE GROWTH IN OUR EXPORTS OF MINERALS TO JAPAN WILL NOT BE COMPARABLE TO THAT ACHIEVED IN EARLIER YEARS, BUT THIS DOES NOT GAINSAY THE IMPORTANCE OF THE JAPANESE MARKET IN ABSOLUTE TERMS. OUR TRADE WITH JAPAN IS STILL EQUAL TO THAT OF OUR NEXT FIVE TRADING PARTNERS COMBINED.

JAPAN IS A LARGE, AFFLUENT AND ATTRACTIVE MARKET. AS YOU WOULD ALL KNOW, HOWEVER, IT IS A SPECIALISED MARKET WITH PROBLEMS OF PENETRATION QUITE DIFFERENT FROM THOSE IN OTHER AUSTRALIAN OVERSEAS MARKETS.

RECOGNISING THIS FACT I WAS ABLE IN MY DISCUSSIONS IN JAPAN TO ACHIEVE TWO SIGNIFICANT DEVELOPMENTS TO TAKE FULL ADVANTAGE OF JAPAN'S IMPORT EXPANSION SCHEME. FIRST, THIS YEAR WE WILL SEND A HIGH LEVEL TRADE MISSION TO JAPAN TO EXAMINE NEW EXPORT OPPORTUNITIES. SECOND, THE JAPANESE FOR THEIR PART HAVE ALSO AGREED TO SEND A MAJOR TRADE MISSION TO AUSTRALIA TO HELP IDENTIFY WHICH AUSTRALIAN PRODUCTS MIGHT BE OF PARTICULAR INTEREST TO JAPAN.

I SHOULD EXPECT ALL OF YOU HERE TO RESPOND VERY POSITIVELY TO ANY SUCH DEMONSTRATION OF JAPANESE INTEREST.

ANOTHER PARTICULARLY VALUABLE FEATURE OF MY VISIT TO JAPAN WAS THE OPPORTUNITY IT PROVIDED TO CONSIDER CLOSELY JAPANESE EXPERIENCE IN INDUSTRY RESTRUCTURING. JAPAN HAS EVOLVED HABITS OF CONSULTATION AND DOMESTIC INTERACTION IN THE FORMULATION AND IMPLEMENTATION OF POLICIES THAT HAVE OBVIOUSLY BEEN AN IMPORTANT FACTOR IN HER COMPARATIVE SUCCESS IN DEALING WITH THE PROBLEMS ASSOCIATED WITH STRUCTURAL CHANGE.

THE AUSTRALIAN ECONOMY, LIKE JAPAN, HAS UNDERGONE CONSIDERABLE STRUCTURAL CHANGE, INCLUDING A HUGE CONTRACTION OF MANUFACTURING EMPLOYMENT OVER THE PAST DECADE.

REGRETTABLY IN THE PAST CHANGE HAS OCCURRED WITHOUT GOVERNMENTS BEING INVOLVED CONSTRUCTIVELY IN ITS MANAGEMENT, OR THE COMMUNITY UNDERSTANDING THE PROCESSES OF CHANGE. I HAVE SAID MANY TIMES AUSTRALIANS MUST COME TO TERMS WITH THE CONTINUING CHANGE IN OUR INDUSTRY STRUCTURES. THE PARTICULAR CHALLENGE WE ALL FACE IS TO MANAGE THE FUTURE RATHER THAN MERELY REACT WHEN IT IS UPON US.

IT IS WITH THIS IN MIND THAT THE GOVERNMENT IS NOW MOVING TO DEVELOP ARRANGEMENTS FOR CONSULTATION, INFORMATION SHARING, AND LONG-TERM PLANNING ON THESE ISSUES.

THE GOVERNMENT INTENDS PROVIDING A FRAMEWORK DEFINING MORE PRECISELY THE CONTEXT WITHIN WHICH INDUSTRIAL DEVELOPMENT WILL OCCUR. MORE SPECIFICALLY, AND CONSISTENT WITH THE NOW WIDELY ACCEPTED UNDERSTANDING THAT CHANGE MUST OCCUR IF GROWTH IS TO ENSUE, WE AIM TO DEVELOP AND APPLY POLICY IN A WAY WHICH FACILITATES CHANGE WHILE MINIMISING THE HARDSHIP ASSOCIATED WITH SUCH CHANGE.

SENATOR BUTTON'S CO-ORDINATION OF THE WORK OF A RANGE OF MINISTERS IN AREAS RELEVANT TO STRUCTURAL CHANGE IN THE ECONOMY IS A REFLECTION OF THE DELIBERATENESS WITH WHICH THE GOVERNMENT IS ADDRESSING THE POLICY ISSUES INVOLVED.

SIMILARLY EPAC'S CALL FOR THE FORMULATION OF AN ACTIVE INDUSTRY DEVELOPMENT STRATEGY REFLECTS BROADER COMMUNITY INTEREST IN ADDRESSING THESE MATTERS SYSTEMATICALLY. EPAC HAS SAID THAT SUCH A STRATEGY SHOULD:

- (A) PROVIDE ENCOURAGEMENT AND OPPORTUNITIES TO PLAN AND INVEST BY INDUSTRIES AND ENTERPRISES INVOLVED IN EXPANSION OF COMPETITIVE PRODUCTION;
- (B) IMPROVE AND PROVIDE MORE EFFICIENTLY THE INFRASTRUCTURE FOR INDUSTRY DEVELOPMENT;
- (C) GIVE INDUSTRY AND ITS WORKERS THE OPPORTUNITY TO ADJUST TO CHANGE WITHIN STABLE PROGRAMS THAT ARE KNOWN IN ADVANCE OF THEIR APPLICATION; AND
- (D) REDUCE ARTIFICIAL AND BUREAUCRATIC REGULATION THAT ENCOURAGES NEITHER ECONOMIC EFFICIENCY NOR SOCIAL EQUITY.

WITHIN A MONTH OF COMING TO OFFICE THE GOVERNMENT MOVED DECISIVELY TO IMPLEMENT SUCH AN APPROACH IN THE STEEL INDUSTRY, WITH THE WELL-KNOWN FAVOURABLE RESULTS FOR SECURITY OF EMPLOYMENT AND INVESTMENT.

OBVIOUSLY IT IS STILL EARLY DAYS AND MUCH WORK REMAINS TO BE DONE. THE CHANGES INVOLVED WILL ONLY BE GRADUALLY IMPLEMENTED - INDEED WHAT IS INVOLVED IS OF ITS NATURE A LONG-TERM EXERCISE. BUT THE VARIOUS ELEMENTS OF A POSITIVE AND CONSTRUCTIVE POLICY APPROACH ARE NOW COMING INTO PLACE.

INDIVIDUAL FIRMS MUST IN THE END TAKE THE CRUCIAL DECISIONS UPON WHICH AUSTRALIA'S COMPETITIVE EDGE WILL ULTIMATELY HINGE.

I LOOK TO ALL OF YOU, AS LEADERS OF AUSTRALIA'S BUSINESS AND INDUSTRY, TO RECOGNISE THE CHALLENGE AND TO RISE TO THE OPPORTUNITIES IT PRESENTS.

MR CHAIRMAN,

I WILL NOW COMMENT BRIEFLY ON THE HIGHLIGHTS OF MY VISITS TO OTHER COUNTRIES WITHIN THE REGION.

IN SOUTH KOREA THERE WAS PARTICULAR CONCERN ABOUT THE TRADE IMBALANCE - MORE THAN TWO TO ONE IN AUSTRALIA'S FAVOUR. THERE WAS ALSO A NEED TO REASSURE KOREAN BUSINESS AND GOVERNMENT LEADERS THAT THE NUMBER OF ANTI-DUMPING AND DEVELOPING COUNTRY TARIFF PREFERENCE CASES BROUGHT FORWARD BY AUSTRALIAN INDUSTRY DID NOT REFLECT DISCRIMINATION AGAINST KOREAN INTERESTS.

I SUGGESTED THERE WAS A CERTAIN INEVITABILITY ABOUT THE IMBALANCE IN THE BILATERAL TRADE. AS LONG AS AUSTRALIA REMAINED A COMPETITIVE AND FUNDAMENTALLY RELIABLE SUPPLIER OF THE RAW MATERIALS AND FOODSTUFFS THAT ARE ESSENTIAL TO KOREA'S DEVELOPMENT NEEDS THE IMBALANCE WOULD BE LIKELY TO PERSIST WHILE KOREA'S STAGE OF DEVELOPMENT MADE SUCH INTENSE DEMANDS ON THESE PRODUCTS.

I NEVERTHELESS STRONGLY URGED KOREA ACTIVELY TO EXPLORE, IN CO-OPERATION WITH THE AUSTRALIAN DEPARTMENT OF TRADE, OPPORTUNITIES IN THE AUSTRALIAN MARKET. AT THE SAME TIME I REITERATED AUSTRALIA'S KEEN INTEREST BOTH IN SECURING ACCESS TO KOREAN MARKETS CURRENTLY DENIED US AND IN INCREASING OUR EXISTING MARKET SHARE IN ITEMS PRESENTLY TRADED.

KOREA HAS THE POTENTIAL TO ASSUME A MORE PROMINENT PLACE IN AUSTRALIA'S ECONOMIC PERSPECTIVES. WE SHOULD ALL WORK TO UTILISE FULLY THIS POTENTIAL. IT IS PERHAPS SALUTARY, HOWEVER, TO REMIND OURSELVES OCCASIONALLY THAT JUST AS WE LOOK TO KOREA FOR COMMERCIAL OPPORTUNITIES, SO WILL THE KOREANS BE LOOKING TO US.

MY LONG DISCUSSIONS WITH PREMIER ZHAO IN CANBERRA LAST YEAR AND IN BEIJING LAST MONTH HAVE CONVINCED ME THAT CHINA HAS ENTERED AN IRREVERSIBLE PROCESS OF STRONG ECONOMIC GROWTH PREMISED ON RAPIDLY EXPANDING TRADE, INVESTMENT AND TECHNOLOGICAL TIES WITH THE REST OF THE WORLD. THIS HAS IMMENSE IMPLICATIONS FOR AUSTRALIA AND, INDEED, FOR OUR REGION, AND FOR THE WORLD.

A PARTICULAR HIGHLIGHT OF MY VISIT TO CHINA WAS THE AGREEMENT BETWEEN PREMIER ZHAO AND MYSELF TO ESTABLISH A JOINT STUDY GROUP TO EXPLORE THE SCOPE FOR INTEGRATION OF AUSTRALIA'S AND CHINA'S IRON AND STEEL INDUSTRIES. THE PROJECT HAS FROM THE OUTSET COVERED THE BROAD AREA OF OPPORTUNITIES FOR TRADE AND INVESTMENT BETWEEN THE IRON AND STEEL INDUSTRIES OF AUSTRALIA AND CHINA, INCLUDING EXPORTS OF IRON ORE TO CHINA; CHINESE INVESTMENT IN AUSTRALIAN IRON MINING; AUSTRALIAN EXPORTS OF PROCESSED IRON AND SEMI-PROCESSED STEEL TO CHINA; AUSTRALIAN INVESTMENT IN CHINESE STEEL MAKING; AND THE SUPPLY OF IRON AND STEEL-MAKING TECHNOLOGY FROM AUSTRALIA TO CHINA.

THE CHINA-AUSTRALIA IRON AND STEEL INITIATIVE IS AN EXAMPLE OF A PROJECT THAT REQUIRES PARTICIPATION OF ALL INTERESTED PARTIES IN THE COMMUNITY TO ENSURE ITS SUCCESS. IT CANNOT BE ACHIEVED BY COMPANIES WORKING ALONE BUT MUST BE THROUGH A JOINT EFFORT REQUIRING PARTICIPATION FROM FEDERAL AND STATE GOVERNMENTS, BUSINESS AND UNIONS.

THE ESSENTIAL ROLE THAT THE TWO NATIONAL GOVERNMENTS HAVE TO PLAY IS TO PROMOTE CONFIDENCE IN THE SECURITY OF THE RELATIONSHIP AND TO DEVELOP POLICIES WHICH ALLOW EACH OTHERS' INDUSTRIES TO DEVELOP IN COMPLEMENTARY WAYS TO THE MUTUAL BENEFIT OF THE TWO COUNTRIES.

IT FALLS TO THE FEDERAL GOVERNMENT TO CO-ORDINATE THE EFFORTS OF AUSTRALIAN PARTICIPANTS. TO THIS END WE HAVE ESTABLISHED A CORE CONSULTATIVE COMMITTEE IN WHICH ALL PARTIES ARE REPRESENTED.

WHILE IN CHINA I SPENT A GOOD DEAL OF TIME DISCUSSING THE IMPLEMENTATION OF THE "CHINA ACTION PLAN" - A PLAN DEVELOPED BY THE MINISTER FOR TRADE, MR BOWEN, TO EXPAND TWO-WAY TRADE BETWEEN AUSTRALIA AND CHINA. THE CHINESE GOVERNMENT WAS PARTICULARLY APPRECIATIVE OF THIS INITIATIVE.

I AM CONFIDENT WE CAN COUNT ON CHINESE ASSISTANCE AND INVOLVEMENT AS IMPLEMENTATION OF THE PLAN PROCEEDS. CONSIDERABLE AUSTRALIAN GOVERNMENT RESOURCES ARE ALSO BEING COMMITTED TO ITS SUCCESS. IT IS A PLAN WHICH, WITH THE FULL SUPPORT AND INVOLVEMENT OF THE AUSTRALIAN BUSINESS COMMUNITY, HOLDS THE PROSPECT OF QUITE RADICALLY TRANSFORMING THE OUTLOOK FOR THE AUSTRALIA/CHINA TRADE.

WITH SINGAPORE AND MALAYSIA, POLITICAL RELATIONS ARE CLOSER AND MORE CONSTRUCTIVE THAN EVER BEFORE, THUS CORRESPONDINGLY INCREASING OUR PROSPECTS FOR EXPANDING ECONOMIC RELATIONSHIPS. I WOULD ENCOURAGE YOU TO LOOK FOR WAYS TO BUILD ACTIVELY UPON THE SUBSTANTIAL LINKS THAT ALREADY EXIST. IN DOING SO IMAGINATIVE APPROACHES AGAIN WILL BE NEEDED - APPROACHES CAREFULLY GEARED TO THE DYNAMISM AND RAPIDLY CHANGING CHARACTER OF THOSE COUNTRIES TO OUR NEAR NORTH.

MR CHAIRMAN,

THE CONTINUED DYNAMISM OF OUR REGION, AND INDEED THE POSITIVE DEVELOPMENT OF THE WORLD ECONOMY, DEPENDS HEAVILY ON THE MAINTENANCE OF AN OPEN INTERNATIONAL TRADING SYSTEM. RECENT YEARS, COINCIDING WITH THE DOWNTURN IN WORLD TRADE, HAVE SEEN A PROLIFERATION OF BOTH TARIFF AND NON-TARIFF BARRIERS TO TRADE - AND THESE BARRIERS PERSIST, DESPITE A GROWING RECOGNITION OF THE DANGERS THEY POSE TO ORDERLY INTERNATIONAL TRADING ARRANGEMENTS.

AGAINST THIS BACKGROUND I PROPOSED IN BANGKOK LAST NOVEMBER THAT COUNTRIES OF THE REGION, IN A MANNER CONSISTENT WITH THEIR SHARED INTERESTS AND CAPACITIES, SHOULD SEEK TO DEVELOP A CONCERTED APPROACH TO A NEW ROUND OF GLOBAL TRADE NEGOTIATIONS - SHOULD SUCH A ROUND MATERIALISE, AS SEEMS LIKELY.

DURING MY VISIT TO ASIA LAST MONTH, I OBTAINED THE FIRM IMPRESSION THAT THERE IS A SHARED IMPATIENCE AND FRUSTRATION WITH THE LACK OF PROGRESS ON MAJOR MULTILATERAL TRADING ISSUES AND WITH THE INABILITY OF COUNTRIES OF THE REGION TO SECURE SERIOUS ATTENTION TO THEIR PARTICULAR INTERESTS IN PREVIOUS MULTILATERAL ROUNDS.

THE WARM REACTION OF COUNTRIES TO MY PROPOSAL INDICATED THAT IT HAS STRUCK A RESPONSIVE CHORD WITH THE COUNTRIES OF THE REGION. ALL THE REGIONAL COUNTRIES WE HAVE APPROACHED, INCLUDING ALL OF THE ASEAN COUNTRIES, HAVE AGREED TO PARTICIPATE IN A SENIOR OFFICIALS' MEETING TO BE CONVENED BY EARLY MAY IN AN ASEAN COUNTRY, TO HELP IDENTIFY REGIONAL INTERESTS IN A NEW ROUND. THE MEETING WILL ALSO CONSIDER HOW BEST TO FOCUS ATTENTION ON THOSE INTERESTS IN SUCH A ROUND.

THE RAPID AND DYNAMIC ECONOMIC DEVELOPMENT SO APPARENT THROUGHOUT THE REGION AND THE QUITE FUNDAMENTAL STRUCTURAL CHANGES WHICH ARE TAKING PLACE WITHIN THE COUNTRIES OF THE REGION WILL MAKE THE TASK OF DEVELOPING A CONCERTED APPROACH ON TRADE ISSUES A COMPLEX ONE. GIVEN THE COMPLEXITIES OF THE TASK AND THE GREAT DIVERSITY OF HISTORICAL BACKGROUNDS AND ECONOMIC INTERESTS WITHIN THE REGION, IT IS IMPORTANT THAT EACH STEP WE TAKE EITHER COLLECTIVELY OR INDIVIDUALLY TO ENHANCE REGIONAL CO-OPERATION BE MADE AT A MODEST AND MEASURED PACE. ONLY IN THIS WAY CAN WE HOPE TO ENSURE THAT THE GAINS ARE BOTH SUSTAINABLE AND DURABLE WITHOUT LOSING SIGHT OF THE RICH REWARDS SUCCESS WILL BRING FOR THE REGION AS A WHOLE AND AUSTRALIA IN PARTICULAR.

THE SAME MEASURED APPROACH TO CHANGE SHOULD ALSO BE REFLECTED IN OTHER INITIATIVES FOR GREATER ECONOMIC CO-OPERATION IN THE ASIA/PACIFIC REGION.

AS YOU WOULD BE VERY MUCH AWARE, THERE HAS, FOR A CONSIDERABLE TIME NOW, BEEN ENTHUSIASM AMONG SOME OF THE BUSINESS PEOPLE AND ACADEMICS IN THE REGION FOR THE ESTABLISHMENT OF WHAT IS LOOSELY TERMED A "PACIFIC COMMUNITY". PBEC HAS BEEN CLOSELY INVOLVED WITH THE EXPLORATION OF THIS CONCEPT OVER A NUMBER OF YEARS.

YOUR WORK ON REGIONAL MINERALS AND ENERGY MATTERS FOR LAST YEAR'S PBEC CONFERENCE IN SANTIAGO HAS BEEN OF CONSIDERABLE INTEREST, AS HAS YOUR WORK ON A SUGGESTED CHARTER OF INVESTMENT. PBEC IS ALSO THE CHANNEL THROUGH WHICH BUSINESS HAS PARTICIPATED IN THE SERIES OF PACIFIC ECONOMIC CO-OPERATION CONFERENCES, THE MOST RECENT OF WHICH WAS HELD LAST YEAR IN BALI.

THE GOVERNMENT IS CURRENTLY CONSIDERING A PROPOSAL FROM SIR JOHN CRAWFORD, WHICH INCORPORATES THE VIEWS OF JOHN CLARKSON AND OTHER PBEC MEMBERS, FOR THE ESTABLISHMENT OF AN AUSTRALIAN PACIFIC CO-OPERATION COMMITTEE. THE COMMITTEE WOULD ADVISE THE AUSTRALIAN GOVERNMENT ON MATTERS AFFECTING AUSTRALIA'S ECONOMIC CO-OPERATION WITH HER NEIGHBOURS IN ASIA AND THE PACIFIC AND BE RESPONSIBLE FOR AUSTRALIAN PARTICIPATION IN PACIFIC CO-OPERATION CONFERENCE ACTIVITIES. THE COMMITTEE WOULD BE REPRESENTATIVE OF THE MAIN SECTORS OF THE AUSTRALIAN COMMUNITY AND INCLUDE PEOPLE FROM THE BUSINESS COMMUNITY, THE UNION MOVEMENT, ACADEMIC RESEARCH INSTITUTIONS, THE PUBLIC SERVICE AND SUCH OTHER PERSONS AS WE WOULD APPOINT.

YOU ARE ALL AWARE OF THE SENSITIVITIES ATTACHING TO THE CONCEPT OF A "PACIFIC COMMUNITY". AT THIS STAGE SOME COUNTRIES WITHIN THE REGION, THE ASEAN STATES PARTICULARLY, ARE WARY OF DEVELOPING THE FORMAL MECHANISMS AND RELATIONSHIPS THAT SOME DISCUSSIONS OF THE CONCEPT HAVE IMPLIED.

MY OWN VIEW IS THAT "REALISTIC GRADUALISM" IS WHAT IS NEEDED AT THIS STAGE WITH FUNCTIONAL CO-OPERATION BEING EXPANDED CAREFULLY, ONE STEP AT A TIME. THE APPROACH SIR JOHN CRAWFORD AND JOHN CLARKSON HAVE IN MIND IS CONSISTENT WITH THIS.

NOTHING WILL BE GAINED FROM TRYING TO IMPOSE PATTERNS OF CO-OPERATION. BUT, FOR AUSTRALIA, IT IS MOST IMPORTANT THAT WE CONTINUE TO ACTIVELY EXPLORE ALL AVAILABLE AVENUES FOR REGIONAL CO-OPERATION. AUSTRALIA NEEDS TO COME TO TERMS WITH AND BE PART OF THE POSSIBILITIES AND CHALLENGES OFFERED BY THE FASTEST-GROWING ECONOMIC REGION IN THE WORLD.

FOR AUSTRALIA SUCH CO-OPERATION IS A NATURAL REFLECTION OF THE INTERESTS AND CONCERNS WE SHARE WITH THE REGION. THE MORE WE CAN ADOPT ACTIVITIES WHICH ARE SHARED ON A MUTUALLY REWARDING BASIS - THROUGH TRADE, THROUGH JOINT VENTURES, THROUGH CROSS INVESTMENT, THROUGH PEOPLE TO PEOPLE EXCHANGES, AND THROUGH OTHER SHARED ENDEAVOURS - THE MORE EVERYONE IN THIS REGION WILL STAND TO GAIN. THROUGH ORGANISATIONS SUCH AS THIS, BRINGING TOGETHER AS IT DOES BUSINESS FROM THE COUNTRIES OF THE PACIFIC BASIN, THE HABIT OF CO-OPERATION WITHIN THE REGION WILL GROW.