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PRIME MINISTER

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The signing this evening of an agreement between CRA and China represents a major step in the development of co-operation between the iron and steel industries of China and Australia. The agreement provides for the CRA group and China to enter into a feasibility study for a joint venture for the development of an iron ore mine in Western Australia. If a new mine is developed at the Channar deposit in the near future, as seems likely, it will represent the first new iron mine development in Australia since the initial decade of export-oriented expansion which ended in the early nineteen seventies.

Through this venture it is hoped that exports of from 5 to 10 million tonnes per annum in addition to exports under on-going arrangements can be realised. The proposed Joint Venture would mean more jobs for Australians and increased export and national income for Australia. It would assist our construction and heavy engineering industries.

The CRA-China agreement follows by only a few hours the conclusion by the Deputy Prime Minister and Minister for Trade, Mr Lionel Bowen, of an agreement on Economic and Technical Co-operation between the iron and steel industries of Australia and China. The conclusion of such an agreement with China is unique; and is a concrete demonstration of the desire which exists on both sides to see further integration of the Australian and China iron and steel industries to the mutual advantage of both countries.

The Channar iron ore mine feasibility study and the technical co-operation agreement are direct results of discussions between Premier Zhao and myself in Canberra last year and in Beijing this year, culminating in the establishment of the Australia-China Iron and Steel Industry Joint Study Group.

There has been rapid progress since February on all aspects of Premier Zhao and my agreement last February to promote co-operation between our two countries' iron and steel industries : trade in steel-making raw materials; joint ventures in each other's iron ore mining and iron and steel processing industries; joint trade in processed iron and steel; and mutual technical assistance.

Iron and steel co-operation has been advanced through intensive high-level exchanges between Australia and China. In recent months the Chinese Minister for Metallurgical Industry has concluded an extensive visit to Australia, Lionel Bowen has visited China and presently China's Vice Minister for Metallurgical Industry, Mr Lin Hua, is undertaking an extensive visit to Australia. Mr Lin will be holding discussions on a range of issues including the re-opening of the Kwinana blast furnace and Koolyanobbing iron ore mine, the future development of technological co-operation between our industries, and iron and steel industry joint ventures in China.

There have also been intensive high-level exchanges involving the private sector, including visits by CRA and BHP delegations led by their respective chief executives, Sir Roderick Carnegie and Mr Brian Loton.

Just one week ago a Technical Assessment Mission returned from an extensive inspection of the iron and steel industry of China. The Mission included senior representatives from BHP, CRA and CSR. I am advised that the Mission has identified significant prospects for increased trade and technological co-operation between Australia and China which should provide a welcome stimulus to Australia's iron and steel industry.

At the same time they will assist China to meet the huge increase in demand for iron and steel which will be associated with the success of its modernisation plans between now and the end of the century.

While this Mission was in China, a number of other private sector missions were discussing specific commercial prospects for increased trade with China. These missions covered a broad range of prospects from the supply of iron ore and manganese to the Chinese steel industry, to the supply of equipment and technology in galvanising and finishing steel industry.

Already since February we have seen substantial increases in Australian sales of iron ore, processed iron and steel and manganese to China.

Amongst other interesting aspects of the recent exchanges, the Chinese industry has shown considerable interest in new steel-making technology that is available to the CRA group through its part-ownership of the German steel producer, Kloeckner.

I am confident that further development of iron and steel co-operation between Australia and China will generate immense benefits for the people of our two countries.
