



PRIME MINISTER

CONFEDERATION OF ASIAN CHAMBERS OF COMMERCE AND INDUSTRY
MELBOURNE, 12 NOVEMBER 1984

I VERY MUCH APPRECIATE THIS OPPORTUNITY TO MEET WITH YOU TODAY, TO WELCOME OUR OVERSEAS VISITORS, AND TO ENDORSE THE THEME OF YOUR CONFERENCE - ASIAN PACIFIC COOPERATION : TOWARDS 2000.

WHEN ADDRESSING THE AUSTRALIAN-THAI CHAMBER OF COMMERCE TWELVE MONTHS AGO, I INDICATED THAT THE AUSTRALIAN GOVERNMENT'S REGIONAL COMMITMENT IS TO AN INVOLVED ROLE - ONE THAT WOULD SEE AUSTRALIA BOTH CONTRIBUTING TO AND BENEFITING FROM THE DYNAMISM OF THE REGIONAL SITUATION.

IT IS WIDELY ACKNOWLEDGED THAT THE CENTRE OF GRAVITY OF GLOBAL ECONOMIC ACTIVITY IS SHIFTING TOWARDS THE PACIFIC AND THAT THE WESTERN PACIFIC IS NOW THE WORLD'S MOST DYNAMIC AREA OF GROWTH. A QUARTER OF A CENTURY AGO THE SOUTHEAST AND NORTHEAST ASIAN ECONOMIES ACCOUNTED FOR ONLY 8 PER CENT OF WORLD ECONOMIC ACTIVITY - ONLY ONE SIXTH OF WESTERN EUROPE AND ONE EIGHTH OF NORTH AMERICA. ON PRESENT TRENDS, BY THE TURN OF THE CENTURY THE SOUTHEAST AND NORTHEAST ASIAN ECONOMIES TOGETHER WILL BE LARGER THAN WESTERN EUROPE AND AS LARGE AS NORTH AMERICA.

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UNDERLYING THIS DYNAMISM IS THE HEIGHTENED INTERDEPENDENCE OF THE COUNTRIES OF THE REGION. THIS IS NOWHERE MORE MANIFEST THAN IN THE AREA OF TRADE. SOME 40 PER CENT OF THE WESTERN PACIFIC REGION'S TRADE IS INTRA-REGIONAL. THE INTRA-REGIONAL COMPONENT GREW BY AROUND 24 PER CENT A YEAR BETWEEN 1971 AND 1981.

LET THERE BE NO MISTAKE. AUSTRALIA DOES NOT EXPECT TO REAP THE BENEFITS OF THE REGION'S GROWTH SIMPLY THROUGH THE GOOD FORTUNE OF BEING LOCATED WITHIN IT.

I BELIEVE WE MUST ALL WORK HARD AT SECURING THE ADVANTAGES INHERENT IN OUR LOCATION, IN OUR HUMAN AND MATERIAL RESOURCE BASE, AND IN THE FLEXIBILITY OF OUR ECONOMIC SYSTEMS.

IN SOME RESPECTS THE ODDS ARE STACKED AGAINST US.

THE TRADING INTERESTS OF THE COUNTRIES OF OUR REGION HAVE BEEN SEVERELY DISADVANTAGED BY THE DOMINANCE OF THE ESTABLISHED INDUSTRIAL NATIONS IN THE INTERNATIONAL TRADING SYSTEM. THE COUNTRIES OF THIS REGION HAVE BEEN DISADVANTAGED BY THE "SPECIAL" TREATMENT OF TRADE IN AGRICULTURAL PRODUCTS WHICH SEES THEM EXCLUDED FROM THE NORMAL INTERNATIONAL TRADING RULES; BY BARRIERS AGAINST THE LABOUR-INTENSIVE EXPORTS OF THE NEWLY INDUSTRIALISING COUNTRIES; AND BY TARIFF ESCALATION AGAINST PROCESSED RAW MATERIALS.

THE REGIONAL TRADE INITIATIVE I SUGGESTED IN BANGKOK LAST NOVEMBER AIMED TO REDRESS THIS SITUATION. IT SOUGHT TO DO SO:

- BY PRESENTING A FORUM FOR AN APPRECIATION OF THE APPREHENSIONS AND ASPIRATIONS OF REGIONAL COUNTRIES CONCERNING MULTILATERAL TRADE ISSUES;
- BY EXPLORING WAYS OF TAKING FORWARD THE INTERESTS OF COUNTRIES OF THE REGION;
- AND, TO THIS END, BY CONSIDERING THE SCOPE FOR DEVELOPING MUTUALLY SUPPORTIVE POSITIONS.

THIS PROCESS OF CONSULTATION BEGAN WITH THE MEETING OF SENIOR REGIONAL TRADE OFFICIALS AT DENPASAR EARLIER THIS YEAR. IT WAS CARRIED FORWARD, IN A VERY POSITIVE WAY, AT THE SYDNEY MEETING OF SENIOR REGIONAL TRADE OFFICIALS EARLIER THIS MONTH.

THE EMPHASIS THROUGHOUT THIS EXERCISE HAS BEEN ON A STEADY, MEASURED APPROACH TOWARDS INCREASED UNDERSTANDING OF THE SHARED INTERESTS OF THE COUNTRIES OF THE REGION.

ALREADY THE BENEFITS OF THIS APPROACH HAVE BEEN APPARENT, NOT ONLY THROUGH COUNTRIES OF THE REGION REGISTERING THEIR VIEWS EARLIER THIS YEAR AT THE LONDON ECONOMIC SUMMIT, BUT ALSO THROUGH THE SERIOUSNESS OF PURPOSE WITH WHICH THEY HAVE RECENTLY BEEN EXAMINING THE IMPLICATIONS OF SUGGESTIONS THAT THERE BE A NEW MULTILATERAL TRADE NEGOTIATIONS ROUND.

THE REALITY THAT WE ALL HAVE TO FACE IS THAT THE RECENT PROLIFERATION OF TRADE BARRIERS, OF MANAGED TRADE, AND OF BILATERAL ARRANGEMENTS IS FURTHER UNDERMINING THE ALREADY ENFEEBLED MOST-FAVOURLED NATION PRINCIPLE.

THIS IS THE PRINCIPLE ON WHICH MULTILATERAL COOPERATION RESTS, AND ON WHICH SMALL AND MEDIUM-SIZED TRADING NATIONS SUCH AS OUR OWN ARE SO DEPENDENT.

LATELY ACCESS TO THE MARKETS OF EUROPE AND NORTH AMERICA HAS BEEN RESTRICTED OR BECOME MORE UNCERTAIN IN A NUMBER OF SECTORS OF VITAL IMPORTANCE TO COUNTRIES OF OUR REGION - IN AGRICULTURE, TEXTILES, CLOTHING, STEEL, MOTOR VEHICLES AND CONSUMER ELECTRONICS.

OUR EFFORTS WITHIN THE REGION MUST BE DIRECTED TOWARDS ACTION IN THE INTERNATIONAL ARENA WHICH WOULD:

- ENCOURAGE THE PROCESS OF ROLLBACK OF PROTECTIONIST MEASURES;
- CHECK THE GROWTH OF DISCRIMINATORY TRADE PRACTICES;
- REVITALISE THE GATT WORK PROGRAMME, PROGRESS IN WHICH HAS BEEN EXTREMELY DISAPPOINTING; AND

- PROMOTE GREATER ACCEPTANCE OF RATIONAL TRADE POLICIES AS AN INTEGRAL PART OF SOUND DOMESTIC ECONOMIC MANAGEMENT.

REGIONAL CO-OPERATION ALSO HAS ANOTHER, CLOSELY RELATED, ASPECT - THE FULL EXPLOITATION AND PROMOTION OF THE TRADE AND COMMERCIAL OPPORTUNITIES PRESENTED WITHIN THE REGION ITSELF.

THE AUSTRALIAN GOVERNMENT IS DETERMINED TO REVITALISE OUR TRADE PERFORMANCE AND TO CONTINUE TO DIVERSIFY THE PRODUCT COMPOSITION OF OUR EXPORTS.

WE HAVE DEVELOPED SPECIFIC COUNTRY ACTION PLANS AND HAVE ALLOCATED CONSIDERABLE RESOURCES FOR THEIR IMPLEMENTATION. THEY INVOLVE THE DEVELOPMENT OF MARKET ENTRY STRATEGIES FOR PRIORITY PRODUCTS, TAKING ACCOUNT OF INDIVIDUAL CHARACTERISTICS OF TRADING PRACTICES OF THE TARGETTED COUNTRY MARKETS.

THE JAPAN MARKET STRATEGY, FOR EXAMPLE, HAS INVOLVED THE HIRING OF JAPANESE CONSULTANTS TO HELP IDENTIFY MARKET OPPORTUNITIES. THIS WAS FOLLOWED BY A SEMINAR PROGRAMME WITH SELECTED AUSTRALIAN COMPANIES IN WHICH THE RESULTS OF THE RESEARCH WERE PRESENTED. APPROPRIATE MARKET PENETRATION STRATEGIES FOR SPECIFIC FIRMS ARE NOW BEING DEVELOPED.

THE GOVERNMENT HAS ALSO IMPLEMENTED A CHINA ACTION PLAN - A STRATEGY BUILT AROUND EXPLICIT RECOGNITION OF THE PHENOMENAL IMPORTANCE OF CHINA'S EMERGENCE FOR THE COUNTRIES OF THIS REGION AND GEARED TO SECURING MAXIMUM AUSTRALIAN INVOLVEMENT WITH THE OPPORTUNITIES PRESENTED BY SUCCESSFUL DEVELOPMENT OF CHINA'S MODERNISATION PROGRAM.

CHINA'S MODERNISATION PROGRAM IS CHANGING THE FACE OF CONTEMPORARY CHINA. THE CHANGES INVOLVED ARE FUNDAMENTAL BOTH FOR CHINA ITSELF AND FOR ALL THOSE WHO DEAL WITH HER.

THE AUSTRALIAN GOVERNMENT VERY EARLY ON RECOGNISED THE MOMENTOUS SIGNIFICANCE OF THOSE CHANGES. WE MOVED QUICKLY TO PARTICIPATE IN THE OPPORTUNITY THAT WOULD OPEN UP. ALREADY THE BENEFITS OF THIS FORESIGHT ARE APPARENT.

ONE OF THE KEY ELEMENTS OF THE CHINA ACTION PLAN HAS BEEN TO PROVIDE A GOVERNMENT 'UMBRELLA' TO SUPPORT, FACILITATE AND ENHANCE BILATERAL TRADE AND INVESTMENT.

THE SUCCESS OF THE EXTENSIVE PERSONAL CONTACTS DEVELOPED INSIDE CHINA UNDER THE CHINA ACTION PLAN HAS BEEN REFLECTED AT THE COMMERCIAL LEVEL, WITH THE CONCLUSION OF MANY SALES AND COMMERCIAL ARRANGEMENTS, AS WELL AS NUMEROUS CONTINUING NEGOTIATIONS ACROSS A BROAD SPECTRUM OF AUSTRALIAN INDUSTRY.

THE GOVERNMENT'S MARKET STRATEGY FOR CHINA HAS RECEIVED STRONG SUPPORT FROM THE AUSTRALIAN BUSINESS COMMUNITY.

A NEW DIMENSION IN OUR COMMERCIAL RELATIONS WITH CHINA COMMENCED IN FEBRUARY LAST WHEN THE CHINESE PREMIER ZHAO ZIYANG AND I AGREED DURING MY VISIT TO CHINA, TO PROMOTE CO-OPERATION BETWEEN THE IRON AND STEEL INDUSTRIES OF OUR TWO COUNTRIES. THAT AGREEMENT PROVIDED THE SPRINGBOARD FOR A SPECTACULAR INCREASE IN THE LEVEL OF ACTIVITY BETWEEN AUSTRALIAN COMPANIES AND CHINA - ACTIVITY WHICH HAS ALREADY TRANSLATED INTO SUBSTANTIAL TRADE. SHIPMENTS UNDER CONTRACT FOR IRON ORE, MANGANESE, STEEL PRODUCTS AND COAL TO CHINA THIS YEAR ARE EXPECTED TO TOTAL \$177 MILLION, AN INCREASE OF ALMOST 50% OVER 1983.

LOOKING AHEAD WE CAN EXPECT EVEN MORE SOLID RESULTS. HAMERSLEY IRON AND A CHINESE CORPORATION ARE CURRENTLY CONDUCTING A FEASIBILITY STUDY FOR A JOINT VENTURE INTO A NEW IRON ORE MINE IN THE PILBARA. ALL THE INDICATIONS ARE THAT THE MINE WILL PROCEED.

RECENTLY A VERY WIDE RANGE OF LARGE AND SMALL OPPORTUNITIES FOR MUTUALLY ADVANTAGEOUS TRADE AND INVESTMENT WERE IDENTIFIED BY AN AUSTRALIAN TECHNICAL MISSION. SEVERAL OF THESE OPPORTUNITIES ARE ALREADY THE SUBJECT OF COMMERCIAL NEGOTIATION.

LADIES AND GENTLEMEN,

IN AUSTRALIA'S CURRENT EXPORT DRIVE THERE IS ROOM FOR BOTH THE CONTINUED PROMOTION OF EXPORTS OF THOSE PRODUCTS IN WHICH AUSTRALIA HAS A TRADITIONAL COMPARATIVE ADVANTAGE AND FOR THE DEVELOPMENT OF NEW PRODUCTS.

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IN A NUMBER OF ESTABLISHED AREAS OF AUSTRALIAN EXPORT ACTIVITY THE GOVERNMENT HAS TAKEN FIRM ACTION TO DEFEND AND PROMOTE AUSTRALIAN EXPORTERS' INTEREST. WE HAVE, FOR EXAMPLE, UNDERTAKEN A SUSTAINED AND INTENSE LOBBYING EFFORT TO SECURE INCREASED AND RELIABLE MARKETS FOR AUSTRALIAN BEEF. WE HAVE HAD SOME SUCCESS.

IN OUR VITAL COAL TRADE, AND AGAIN FOLLOWING STRONG AUSTRALIAN REPRESENTATIONS, THE JAPANESE GOVERNMENT HAS UNDERTAKEN THAT JAPAN'S TRADE IN COAL WILL BE CONDUCTED ON A STRICTLY COMMERCIAL BASIS. JAPAN HAS ALSO REAFFIRMED EARLIER ASSURANCES THAT IT HAS NO INTENTION OF DEALING WITH TRADE PROBLEMS WITH THE UNITED STATES - IN THE CONTEXT OF THE LARGE BILATERAL TRADE IMBALANCE BETWEEN THEM - AT THE EXPENSE OF AUSTRALIA. TO AUSTRALIAN EXPORTERS THESE ASSURANCES ARE MOST IMPORTANT. ADHERENCE TO THE LETTER AND SPIRIT OF THESE ASSURANCES WILL CONTRIBUTE SIGNIFICANTLY TO THE FURTHER DEVELOPMENT OF CLOSE, HARMONIOUS RELATIONS BETWEEN AUSTRALIA AND JAPAN. EQUALLY, FAILURE TO DO SO WOULD SERIOUSLY JEOPARDISE CONFIDENCE IN THE RELATIONSHIP.

IN TWO OTHER AREAS WHERE SERIOUS TRADING UNCERTAINTY HAS ARISEN - UNCERTAINTY WHICH FACES OTHER COUNTRIES OF THE REGION AS WELL - THE AUSTRALIAN GOVERNMENT HAS ALSO REGISTERED STRONG CONCERNS:

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- I HAVE STRESSED WITH SECRETARY OF STATE SHULTZ THE SERIOUS CONCERN WITH WHICH THE UNITED STATES POSITION ON TRADE IN STEEL PRODUCTS IS VIEWED BY THE AUSTRALIAN GOVERNMENT. WE HAVE UNDERLINED OUR FUNDAMENTAL REQUIREMENT FOR SECURE AND PREDICTABLE ACCESS TO THEIR MARKET, ON TERMS WHICH TAKE ACCOUNT OF OUR REASONABLE MARKET ASPIRATIONS.

- THE STRONGEST REPRESENTATIONS HAVE ALSO BEEN MADE TO THE COMMISSION OF THE EUROPEAN COMMUNITIES SEEKING A RECONSIDERATION OF ITS PROPOSAL TO EXPORT A VAST AMOUNT OF SURPLUS BUTTER AT A PRICE WHICH WOULD BREACH AND SERIOUSLY THREATEN THE GATT INTERNATIONAL DAIRY ARRANGEMENT. I BELIEVE WE HAVE HAD SOME SUCCESS IN THESE REPRESENTATIONS. WE ARE ENCOURAGED BY THE COMMUNITY'S RESPONSE IN THE LATEST ROUND OF NEGOTIATIONS AND WOULD HOPE TO SEE CONCRETE PROGRESS IN THE NEXT FEW DAYS.

WHILE THESE TRADE POLICY INITIATIVES ARE OF GREAT IMPORTANCE, THERE IS NO MORE IMPORTANT CONTRIBUTION WHICH GOVERNMENT CAN MAKE TO EXPORT PROMOTION THAN TO ESTABLISH AND MAINTAIN A STABLE MACRO-ECONOMIC POLICY ENVIRONMENT. IT IS IN PRECISELY SUCH AN ENVIRONMENT THAT SPECIFIC MEASURES OF SUPPORT, SHOULD THEY BE CONSIDERED NECESSARY, ARE MOST LIKELY TO BE SUCCESSFUL.

MY OWN GOVERNMENT HAS BEEN ABLE TO PROVIDE AUSTRALIAN INDUSTRY WITH STABLE MACRO-ECONOMIC CONDITIONS AND WITH THREE FUNDAMENTAL PRE-CONDITIONS FOR INCREASED COMPETITIVENESS: LOWER REAL UNIT LABOUR COSTS; FALLING INTEREST RATES; AND A REALISTIC EXCHANGE RATE.

AND IF I MAY HAVE ONE SLIGHT DEPARTURE FROM WHAT IS ESSENTIALLY A NON PARTISAN SPEECH, I WANT TO SAY THIS, THAT/THIS MONDAY MORNING AND READING THE PRESS I WAS VERY PLEASED TO SEE IN THIS MORNING'S EDITION OF THE AUSTRALIAN FINANCIAL REVIEW THE HEADING "BUSINESS..... OF HAWKE'S BRAND OF LABOR" THE ENDORSEMENT OF OUR POLICIES BY THE PRESIDENT OF THE BUSINESS COUNCIL OF AUSTRALIA, MR ROBERT WHITE, AND HIS EXPRESSION OF HOPE THAT THIS GOVERNMENT WOULD DELIVER MORE OF THE SAME IN ITS SECOND TERM OF OFFICE. I DON'T WANT TO READ IN DETAIL FROM THAT RINGING ENDORSEMENT OF THESE POLICIES, I SIMPLY WANT TO SAY THIS, THAT IN THE POLICY SPEECH THAT WILL BE DELIVERED TOMMORROW IN SYDNEY, I CAN ASSURE THE AUSTRALIAN BUSINESS COMMUNITY, THAT THEY WILL BE GETTING MORE OF THE SAME, THERE WILL NOT BE ANY RASH HANDING OUT OF A WHOLE RANGE OF PROMISES. SHE WILL BE AN ADHERENCE TO STEADY AS YOU GO WHICH HAS ACHIEVED THE RAPID GROWTH IN OUR AUSTRALIAN ECONOMY.

FOR ITS PART, INDUSTRY MUST STRIVE TO CAPTURE THE OPPORTUNITIES OF GLOBAL MARKETS AND RESIST THE TEMPTATION TO SHIELD BEHIND THE PROTECTIVE BARRIERS OF A SMALL DOMESTIC MARKET. IT WILL HAVE TO RELY ON ITS COMPETITIVE STRENGTH AND PRODUCTIVE CAPABILITIES.

THIS HAS BEEN THE UNDERLYING RATIONALE THAT HAS GUIDED INDUSTRY POLICY IN AUSTRALIA UNDER THE LABOR GOVERNMENT. FOR EXAMPLE, WITH OUR MOTOR VEHICLE AND STEEL PLANS, INDUSTRIES HAVE BEEN GIVEN A PERIOD OF TIME TO MOVE TOWARDS A MORE RATIONAL, COMPETITIVE STRUCTURE, BETTER ABLE TO OFFER LONG TERM JOB SECURITY FOR EMPLOYEES AND TO CONTRIBUTE TOWARDS AUSTRALIA'S ECONOMIC DEVELOPMENT.

ON TOP OF THIS, HOWEVER, IT NEEDS TO BE FULLY RECOGNISED THAT IT IS ONLY IF AUSTRALIAN INDUSTRY IS ABLE FULLY TO CAPTURE THE BENEFITS OF INTERNATIONAL TRADE THAT AUSTRALIA WILL BE ABLE TO SUSTAIN SATISFACTORY GROWTH IN OUTPUT, INCOMES AND EMPLOYMENT. THERE ARE OF COURSE MANY IN THIS AUDIENCE WHO COME FROM COUNTRIES THAT HAVE BEEN SINGULARLY SUCCESSFUL IN APPLYING THIS LESSON.

THE CRITICAL LINKAGES BETWEEN TRADE POLICY AND GROWTH, TOGETHER WITH THE STEADY EROSION OF MULTILATERAL DISCIPLINES IN INTERNATIONAL TRADE LEAD TO AN IMPORTANT CONCLUSION. TRADE LIBERALISATION POLICIES SHOULD NOW BE SEEN AS MUCH IN THE CONTEXT OF THE EFFECTIVE OPERATION OF THE DOMESTIC ECONOMY AS IN THE MORE TRADITIONAL CONTEXT OF THE EXCHANGE OF "CONCESSIONS" BETWEEN TRADING PARTNERS IN AN INTERNATIONAL NEGOTIATING FRAMEWORK.

WHATEVER STEPS WE TAKE TO REACTIVATE THE PROCESS OF MULTILATERAL CO-OPERATION - AND CLEARLY THIS WILL BE OF THE UTMOST IMPORTANCE - WE SHOULD NOT LOSE SIGHT OF OUR OWN ENLIGHTENED SELF-INTEREST IN PURSUING RATIONAL TRADE POLICIES AS AN INTEGRAL PART OF SOUND DOMESTIC ECONOMIC MANAGEMENT.

AN IMPORTANT COMPLEMENT TO RATIONAL TRADE APPROACHES WILL BE A DOMESTIC FINANCIAL STRUCTURE WHICH ALSO ENCOURAGES ADAPTATION AND FLEXIBILITY.

IN A REGIONAL CONTEXT, TRADE AND FINANCE ARE TWO CENTRAL ELEMENTS AND MUTUALLY SUPPORTIVE STRANDS OF ECONOMIC INTERDEPENDENCE.

THE AUSTRALIAN LABOR GOVERNMENT'S INITIATIVES TO PROMOTE MANAGED CHANGE IN KEY SEGMENTS OF THE ECONOMY HAVE A PARTICULAR FOCUS IN OUR APPROACH TO THE DEREGULATION OF FINANCIAL MARKETS.

AN EFFICIENT FINANCIAL SECTOR WILL DIRECT RESOURCES AT LEAST COST TO THE MOST PRODUCTIVE AREAS OF THE ECONOMY AND THUS ASSIST IN RAISING WEALTH, LIVING STANDARDS AND AGGREGATE DEMAND.

THE DECISION TO FLOAT THE AUSTRALIAN DOLLAR AND REMOVE MOST EXCHANGE CONTROLS IN DECEMBER 1983 MEANS THAT MARKET FORCES NOW DETERMINE OUR EXCHANGE RATE WITH ALL CURRENCIES. STEPS HAVE ALSO BEEN TAKEN TO INCREASE THE NUMBER OF AUTHORISED DEALERS IN FOREIGN EXCHANGE AND TO DEEPEN THE OFFICIAL FORWARD MARKET. THE EFFECT OF THESE MEASURES TAKEN TOGETHER IS THAT TRADE AND FINANCE FLOWS ARE NO LONGER SUBJECT TO THE DISTORTIONS WHICH MIGHT BE INTRODUCED BY AN ATTEMPT OF THE AUTHORITIES TO DETERMINE THIS MOST CRITICAL SET OF PRICES BY FIAT.

IN ADDITION, THE TREASURER HAS INVITED APPLICATIONS FROM BOTH DOMESTIC AND FOREIGN INTERESTS WISHING TO OPERATE BANKS IN AUSTRALIA. THIS WILL ENCOURGE THE DEVELOPMENT OF A MORE INNOVATIVE, EFFICIENT AND COMPETITIVE FINANCIAL SECTOR.

IT WAS PRECEDED BY THE LIFTING OF A NUMBER OF RESTRICTIONS WHICH ARTIFICIALLY HAMPERED THE ABILITY OF BANKS TO COMPETE IN THE DOMESTIC FINANCIAL MARKET.

FOREIGN PARTICIPATION WILL ASSIST IN MARSHALLING THE VERY LARGE AMOUNTS OF CAPITAL AND EXPERTISE NEEDED FOR THE SPEEDY ESTABLISHMENT OF STRONG AND INNOVATIVE NEW BANKS.

OF COURSE AUSTRALIANS HAVE A LEGITIMATE DESIRE TO ATTAIN THE MAXIMUM AUSTRALIAN EQUITY PARTICIPATION CONSISTENT WITH THE NEED TO ENSURE EFFECTIVE COMPETITION. THIS IS A CENTRAL ASPECT OF OUR APPROACH. BUT WE ALSO RECOGNISE THAT AUSTRALIA HAS NOT THE RESOURCES TO GO IT ALONE. BALANCED JUDGEMENTS WILL BE NEEDED IN THIS RESPECT.

OTHER GUIDING CONSIDERATIONS WILL INCLUDE AUSTRALIA'S COMMERCIAL AND ECONOMIC RELATIONSHIPS WITH OTHER COUNTRIES, THE GEOGRAPHICAL SPREAD OF THE APPLICANTS' OPERATIONS AND THE NATURE OF THOSE OPERATIONS. ACCOUNT WILL ALSO BE TAKEN OF CONDITIONS WHICH ARE ATTACHED TO THE OPERATIONS OF AUSTRALIAN BANKS IN THOSE OTHER COUNTRIES.

OF COURSE WE RECOGNISE THAT OUR POLICIES TO ENHANCE THE COMPETITIVENESS OF BANKS ARE LIKELY SIGNIFICANTLY TO INCREASE THE COMPETITIVE PRESSURES FACING MERCHANT BANKS.

RATIONALISATION OF THE OWNERSHIP STRUCTURE OF MERCHANT BANKS - A STRUCTURE WHICH WAS THE PRODUCT OF A REGULATORY ERA WHICH IS NOW PASSING - OBVIOUSLY WOULD STRENGTHEN THE INDUSTRY AND FACILITATE ITS ADAPTATION TO CHANGE.

ACCORDINGLY THE GOVERNMENT HAS SET ASIDE FOREIGN INVESTMENT POLICY FOR THE MERCHANT BANKING SECTOR FOR A PERIOD OF TWELVE MONTHS.

FOREIGN INVESTMENT POLICY IS ALSO BEING REVIEWED IN RESPECT OF THE STOCKBROKING INDUSTRY.

AGAIN THE INTENTION IS TO ENSURE ADEQUATE CAPACITY TO COMPETE EFFECTIVELY IN A DEREGULATED FINANCIAL ENVIRONMENT.

THESE PARTICULAR EXAMPLES OF FOREIGN INVESTMENT POLICY ARE INDICATIVE OF OUR APPROACH TO FOREIGN INVESTMENT MORE GENERALLY.

THAT APPROACH SEEKS TO STRIKE A BALANCE BETWEEN, ON THE ONE HAND, REAPING ACKNOWLEDGED ECONOMIC BENEFITS TO AUSTRALIA OF FOREIGN INVESTMENT WHILE, ON THE OTHER, MEETING THE LEGITIMATE EXPECTATION OF THE AUSTRALIAN COMMUNITY THAT THE EXTENT OF FOREIGN OWNERSHIP AND CONTROL SHOULD BE KEPT WITHIN ACCEPTABLE BOUNDS.

ALL OF THESE MEASURES TO IMPROVE THE COMPETITIVENESS OF THE FINANCIAL SECTOR ARE, LIKE THE TRADE POLICIES I REFERRED TO EARLIER, BORNE OUT OF ENLIGHTENED SELF-INTEREST.

THEY WILL ALSO HELP TO PROMOTE THE EFFICIENT FINANCING OF AUSTRALIA'S TRADE WITH OUR REGIONAL PARTNERS AND, BY CONTRIBUTING TO AUSTRALIA'S LONG RUN GROWTH POTENTIAL, HELP TO STRENGTHEN AUSTRALIA'S CONTRIBUTION TO THE GROWTH OF THE REGION.

THIS IS THE ULTIMATE GOAL THAT ALL OF US SHARE. I BELIEVE AUSTRALIA IS NOW BETTER PLACED THAN IT HAS EVER BEEN TO ENGAGE PRODUCTIVELY IN THE REGION'S GROWTH EXPERIENCE. THIS CAN ONLY BE TO THE ADVANTAGE OF BOTH AUSTRALIA AND THE COUNTRIES OF THE REGION.
