



## PRIME MINISTER

LABOR'S EXPORT PLAN FOR THE 1990S

28 FEBRUARY 1990

Labor will broaden and strengthen Australia's export drive.

The Government's integrated export strategy is important in reducing Australia's external deficit. The target is clear: increased exports and reduced imports. Both, increasingly, will be achieved.

The particular measures that I am announcing today with Senator Button strengthen our overall export strategy.

Labor will establish a new support scheme for exporters which will see \$55 million over three years devoted to encouraging exporters to enter new markets and launch new products.

The new scheme, the International Trade Enhancement Scheme, will be implemented from July 1990 and be funded at \$15 million in the first year and \$20 million in the second and third years. It will support established exporters entering new markets and launching new products; encourage collaboration and the development of critical mass by smaller companies with export potential; and support the efforts of industry associations and groups to promote exports.

Over the next three years, the money to be allocated by a private sector Board should support significant new export development efforts by two hundred or more Australian firms with the greatest potential to increase exports.

In addition, the Export Market Development Grant (EMDG) Scheme will be extended to cover inbound tourist operators, at a cost of \$5 million per annum from 1991-92, and health and legal services, and intellectual property rights.

The International Trade Enhancement Scheme replaces the current International Business Development and Innovative Agricultural Marketing Schemes, which had funding of \$5 million in 1990-91 and \$8 million in outyears. Thus total new funding announced today is \$44 million over three years as shown in the attached scoresheet.

The Statement I am releasing today describes existing and future export policies in more detail. It highlights Labor's future commitment to, and broad strategies for, increasing Australia's exports.

Under Labor, Australia's export performance has been greatly improved.

Total exports have increased on average by 8 percent per annum since 1983; manufactured exports and services exports have both increased by over 50 percent, in real terms, since 1984-85.

Consequently the share of manufactures and services in total exports has increased from 11 percent and 16 percent in 1984-85 to 14 percent and 19 percent, respectively, in 1988-89.

We are now exporting energy control equipment to Thailand, fishing vessels to Asia and the Middle East, automotive components to Japan and the United States, optical lenses throughout the world and pharmaceuticals to Europe.

It is acknowledged that imports have also risen significantly in recent years. They are declining now, however, and policy will aim to ensure that the unwinding of the previous high growth continues. There can, however, be continued export growth.

Indeed, while past performance has been extremely good, Australia's export potential is even more exciting.

We have the \$49 billion worth of foreign exchange earning or saving projects identified by Access Economics which are either committed or under construction. Access Economics identified \$5 billion extra exports in the pipeline, equal to around 30 percent of our current account deficit forecast for 1989-90 of \$18.5 billion.

Ross Garnaut's report on "Australia and the North East Asian Ascendency" identifies a potential for around \$20 billion worth of exports of processed raw materials, tourism and education services to North East Asia alone.

Australia will, under Labor, also move increasingly into the export of Australian ideas and skills through increased export of telecommunications, education, legal and health services.

Not only is the potential there, but Australia's productive capacity is increasing to meet it. Record investment and labour force participation levels combined with record training and education mean that Australia under Labor faces the 1990s as a much more productive country than it was in the 1980s.

More workers will have more machines to work with, and they will be better trained and educated.

What better base for future productivity growth?

How does Labor intend to support our export effort?

- . stable fiscal environment with a record, as well as a commitment, on repaying public sector debt
- . stable wages outcomes, not a blow-out led by strong unions
- . increased private savings through superannuation to fund investment
- . better trained and educated workers
- . a market-driven exchange rate, not the over-valued dollar of the Conservatives
- . a 10 point micro reform agenda for our 4th term
- . a low rate of company tax
- . increased tax deductibility for research and development and specific grants for innovative commercial research (GIRD)
- . reform of government enterprises
- . a co-ordinated effort between the Foreign Affairs and the Trade policy advisers, not split as the Coalition would have them
- . initiatives such as Asia Pacific Economic Co-operation to benefit from our location in the world's fastest growing region
- . a respected voice calling for fewer international trade barriers, not a shallow flirtation with trading blocs
- . increased range and availability of capital (MICs and AIDC)
- . effective, practical support through EFIC (financing and insurance); the recently boosted National Industry Extension Service program (better business management techniques); and the DIFF scheme (to match other nations' aid/trade financing)
- . a re-modelled EMDG scheme to increase its effectiveness
- . special AUSTRADE marketing strategies and industry development strategies to expand strategic technology-based industries
- . significant extra money to promote tourism

- . extension of EMDG to inbound tourist operators, health and legal services and intellectual property rights
- . export of health and education services referred to the new Industry Commission
- . promotion of Australia as an international centre for commercial arbitration and dispute settlement, and other measures to promote the export of legal services
- . establishment of new Australian Education Centres in 11 countries in the region, and other measures to promote the export of education services
- . AUSTRADE marketing strategies to promote the export of processed raw materials
- . Industry Commission and Resource Assessment Commission studies on electricity generation, raw material pricing and forestry
- . clear environmental guidelines for raw material based processing projects.

In sum, a more focussed AUSTRADE and EMDG scheme; more concentrated efforts on the export of various services; supportive wages, savings and fiscal policies; continued microeconomic reform; clear environmental guidelines; and innovative international trade diplomacy.

While Australia has traditionally relied on exports of commodities, and while these will continue to be important, increasingly we are broadening and strengthening our export base.

Tourism and exports of services generally have expanded. We are now exporting energy control equipment to Thailand, fishing vessels to Asia and the Middle East, automotive components to Japan and the United States, optical lenses throughout the world and pharmaceuticals to Europe.

While manufactured and services exports, respectively, represented 11 percent and 16 percent of total real exports in 1984-85, in 1988-89 they represented 14 percent and 19 percent.

Since 1984-85 both manufactured and services exports have increased by over 50 percent in real terms.

Total real exports have grown on average at 8 percent per annum since 1983. While imports have also risen significantly, they are declining now and policy will aim to ensure that the unwinding of the previous high growth continues. Export growth, however, should continue: indeed, Government policy will be strongly geared to support such growth.

Australians are increasingly developing an export culture. This trend will be enhanced under Labor.

#### My Government's Current Policy Approach

Fundamentally, our export performance depends on the business sector's ability both to sustain existing markets and develop new international markets. My whole economic policy focus has been to internationalise the Australian economy. The role of government in boosting exports is significant, as my Government's efforts over the past 7 years illustrate.

First, macroeconomic policy must provide a conducive setting.

By achieving a 12 percent decline in real unit labour costs, my Government has lifted the corporate profit share from an average 12.6 percent from 1973-74 to 1982-83, to 16.5 percent in 1988-89.

This has given Australia record job growth and record levels of business investment. More Australians than ever before are in the workforce: the participation rate is a record 63.8 percent. Following fifteen years of poor investment performance (2.2 percent per annum growth) the average increase in business fixed investment in the last five years has been a remarkable 10.8 percent.

Under Labor, Australia's productive capacity has never been greater.

Second, microeconomic reform is essential. Thirty years of excessive regulation under the conservatives must be removed. Because such regulation entrenches attitudes and supporting behaviour, it will take Labor some time to unwind it. But under Labor Australians can be sure the job will be done.

The Conservatives have refused to take up my challenge to show any other period in Australia's history when so much micro reform has been achieved. Their continued silence confirms my government's record.

We have cut marginal and corporate tax rates; deregulated the financial sector, aviation and oil marketing; exposed increasing areas of telecommunications to competition; significantly lowered tariffs; cut excessive coastal shipping and waterfront manning levels: a list of reforms was released by me last week.

Significantly, we have also increased school retention rates from 36 percent in 1982 to over 60 percent now; increased higher education places by 36 percent; made training more attractive through award restructuring; restructured apprenticeship training and increased apprenticeship commencements by two-thirds; and recently declared that we would introduce a training levy to ensure increased private sector training.

Last week Paul Keating announced we would seek to retrain the unemployed rather than push them through a social trap door.

Under Labor we have more Australian workers. They have more capital equipment, and are better educated and trained.

What better base for future productivity?

Third, under Labor Australia has been at the forefront of international trade negotiations, particularly through the Cairns Group created by the Hawke Government.

Our exporters need a favourable international trading environment.

Labor's role extends beyond these areas, however, to an active industry and export policy.

### Industry and Export Policy

Since 1983 industry and export policy has focused on building competitive strength in existing manufacturing activities; encouraging new technology-based industries of world standard; increasing the export capability of industry; working in partnership with companies to extend trade and investment links in particular world markets; attracting new investment from overseas sources to export-based activities; and promoting an export culture across the country - in business, the workforce and young people.

Industry has been set on its most far reaching restructuring program ever.

Industry wide policy measures have been introduced such as the research and development tax incentive and Grants for Industry Research and Development (GIRD) Scheme; the National Industry Extension Service's (NIES's) quality, management, design and marketing assistance; and measures to increase the availability of development and venture capital to industry (MIC and AIDC).

1988-89 saw the third full year of operations of the Australia Trade Commission, AUSTRADE, an organisation established by the Government in 1986 to consolidate export promotion services into one effective operation. AUSTRADE is now a commercially driven statutory body led by a Board comprised mainly of private sector members.

AUSTRADE provides a comprehensive range of international business consultancy services through a network of 69 offices in 56 countries and a national network;

- . in Japan, Australia's largest export market, (exports to Japan now amount to over \$11 billion), AUSTRADE has launched a major export effort in processed foods, scientific and medical equipment, computer software, automotive components and pleasure boats;
- . in the Republic of Korea, (Australian exports now \$2.2 billion - a rise of 22 percent on 1987-88), AUSTRADE is focusing on promoting Australian investment opportunities, joint ventures, industrial collaboration and export;
- . in Europe, AUSTRADE is developing strategies to respond to the rapid economic and political change in Western and Eastern Europe;
- . in North America, Australia's second largest export market for elaborately transformed manufacture - \$670 million in 1988-89 - AUSTRADE is implementing industry-specific export strategies, including in industrial, technical and consumer products;

in South East Asia, AUSTRADE is promoting sales of education services, mining and power systems, pharmaceuticals, communications, railways and agricultural systems.

AUSTRADE-EFIC provides insurance, guarantee and finance facilities on a commercial basis to support exporters. EFIC supported exports and investment insurance of more than \$5.6 billion in 1988-89, including 12 percent of Australia's total merchandise exports.

The Export Market Development Grant (EMDG) scheme supported over 3500 Australian exporters in the last year alone. Their contribution to Australia's exports was in excess of \$5 billion.

AUSTRADE is active in assisting Australian companies into new markets, particularly in Asia, eg. AUSTRADE helped White Industries to win a \$500 million coal mining project in India.

AUSTRADE's international project division also collaborates with a growing client base in the private sector to provide international project intelligence and to assist successful packaging of competitive Australian consortia bids in offshore projects. AUSTRADE itself is the prime contractor in eight overseas projects valued at \$38 million, mainly on behalf of smaller high technology Australian companies.

AUSTRADE's relationship with business has led to the formation of a number of AUSTRADE supported private sector bodies which market Australian technology, goods and services overseas. These include railway equipment services, mining systems, agricultural technology, power generation, education services, and scientific and medical equipment.

A series of industry based export strategies have been developed in close collaboration with the private sector. Thirteen strategies are in place, and an additional eleven are being developed. Those in train include computer software, aerospace, education and training, health services, processed foods; while newly launched strategies include textiles, information and communication services, computer hardware.

The AUSTRADE/DITAC investment promotion program is aiming to attract overseas investment to increase industrial capacity, enhance the flow of technology and business skills, and widen access to foreign markets. In its first year, 1988-89, the program yielded 200 inquiries, and it is hoped that a significant number will lead to new investment in Australian export-based activity.



The Government's DIFF program applies aid funds to assisting companies to finance large export projects in the region. Over the past few years, with DIFF support, BHP has designed and built a \$50 million cement plant at Shunchang in China; VTTC supplied over \$40 million of Australian scientific equipment to Indonesian universities; and TRANSFIELD is building steel bridges in Indonesia, involving the supply of steel and engineering services valued at over \$300 million.

Industry plans in steel, passenger motor vehicles, heavy engineering, shipbuilding and textile, clothing and footwear have exposed our mature, previously highly protected industries to world competition. This has occurred within a planned structure which commits employers to substantial new investment and advanced technologies, and the workforce to more productive work practices.

Commodity export volumes have increased by over 23 percent over the past five years. These exports remain vital to our economy. The Government has reformed the Commonwealth's Primary Industry Statutory Marketing Authorities to make them more commercial, flexible and responsive to market conditions. AUSTRADE has also implemented special marketing programs, such as the Innovative Agricultural Marketing Program, to improve marketing performance.

Research arrangements have been reformed and research funding increased, through Rural Industry Research Funds, Research and Development Corporations, and the National Energy Research, Development and Demonstration Program (NERDDP).

We continue to provide price support measures, albeit at lower levels in some cases, for the wool industry (through the reserve price scheme), the wheat, dairy, apples and pears and dried vine fruits industries (through underwriting), and the citrus, wine, and sugar industries (through tariffs).

Our commodity-specific initiatives include the progressive commercialisation of the domestic wheat market, more market-oriented dairy arrangements, the creation of the Australian Horticultural Corporation and the implementation of effective fisheries management arrangements.

Tourism has benefited particularly from Government attention.

The Government has increased funding for overseas promotion through the Australian Tourist Commission by almost 400 percent from \$10 million in 1982-83 to \$37 million in 1989-90. We have substantially improved the available statistical base through the establishment of the Bureau of Tourism Research in September 1987.

My Government launched the highly successful Paul Hogan series of television commercials which revolutionised the promotion of Australia overseas. In co-operation with the States/Territories and Industry, we launched a domestic tourism campaign from 1984-87 to increase awareness of the importance of tourism and to encourage Australians to holiday within their own country.

We created the environment for a dramatic increase in tourism infrastructure development through an increase in depreciation rates on buildings for the tourist industry from 2.5 percent to 4 percent during the period 1984-87, the easing of FIRB guidelines to allow foreign equity in the provision of tourism infrastructure, and the organisation of a tourism investment mission to Japan in November 1987.

We have also provided \$10 million to the Hunter and Illawarra regions of New South Wales under the Steel Regions Assistance Program for the development of tourism infrastructure projects; restored interlining rights to Qantas from July 1988; introduced a new approach to negotiation of air service agreements which ensures all interests, including tourism interests, are taken into account; and substantially upgraded infrastructure at major airports including Sydney, Brisbane and Perth airports.

We introduced an enhanced visa insurance system to reduce delays and minimise inconvenience to international tourists.

Importantly, we provided over \$50 million between 1982 and 1988 for capital funding of tourism training facilities in TAFE Colleges (2000 new student places) and \$70 million per annum on training placement activities of direct benefit to the tourism industry through the TAFE system, labour market programs, CES hospitality placement activity and the skills training program.

#### Outcomes

The various 'plan' industries have enjoyed spectacular success.

The 'steel plan' has seen an industry that was in crisis only six years ago become one where BHP is now proudly proclaiming that their steel output will double by 1992 but due to the value-added nature of the product, the value in dollar terms will treble to more than \$2 billion.

The shipbuilding industry has revived and is focused on niche markets overseas. From a zero base in 1984, exports in train now exceed \$600 million; over half the industry's output is destined for world markets.

In the automotive industry almost \$3 billion of investment in new plant and technologies for car manufacture is underway. Exports of components now exceed \$500 million and total automotive exports are forecast to rise to \$1.2 billion per year by 1992. Following a \$300 million dollar investment, Ford Australia will soon be exporting Capri sports cars to the United States.

In TCF, the signs are promising for the establishment of an increasing range of export-based ventures in wool, hide and cotton processing. Five new plants for wool and hides processing commenced last year. Four of these involve investment of about \$90 million and will contribute significantly to export income.

In the information industries, exports have risen from a very low base of \$140 million in 1986-87 to exceed \$700 million in 1988-89. The strategy has raised exports by the 19 transnationals which signed Partnerships agreements with the Government involving commitments to R&D, manufacture and export from Australia. By 1995, exports are targeted to rise to \$1.5 billion, a ten fold increase on the base figure in 1986-87.

The pharmaceuticals industry strategy, introduced in 1987, will help to raise Australian exports in real terms from \$60 million in 1987-88 to \$360 million by 1992-93.

Industry wide policy measures are working to lift productivity and innovation within Australian enterprises. Private business enterprise research and development increased by 89 percent in real terms between 1984-85 and 1987-88. NIES has assisted over 3000 small and medium-sized firms to improve product quality, design, management skills, and is preparing Australian firms to enter export markets.

The Bureau of Industry Economics report on Manufacturing Investment released today provides unambiguous evidence that the investment surge currently underway is assisting in the restructuring of Australian industry and is leading to a significant capacity expansion. The capacity expansion will lead to further rapid growth in manufactured exports in the 1990s.

Access Economics' October 1989 survey of investment projects (each with a value of more than \$5 million and with a potential to earn or save foreign exchange) listed 500 projects worth \$49 billion under construction or committed.

This survey highlights the sharp contrast of the current investment surge with the last "investment boom" of the early 1980s. While the earlier boom was dominated by mining and minerals processing (particularly aluminium) the current surge is spread over a wide range of manufactures and tourist activities.

Access Economics identify 6 major investment projects either coming on stream or already under construction which in a few years are expected to generate close to \$5 billion per annum in foreign exchange.

This is equivalent to about 10 percent of the value of goods and services exports in 1988-89 (or in terms of our current account deficit about 30 percent for the same period). Importantly, the six projects probably have their main importing stages behind them.

Ross Garnaut's report on "Australia and the Northeast Asian Ascendancy" speculates that, due to the neglect over previous decades, and after allowing for the trade-reducing effects of geographic isolation, Australia's exports are at least \$20 billion less than we should expect.

He then identifies, simply through the North East Asian market, how the deficiency could be filled: exports of semi-processed materials could generate half the 'deficiency', tourism exports one-third, and exports of education services one-tenth.

#### Future Labor Export Strategy

Boosting Australia's exports requires an integrated approach largely directed to general scene-setting, but also including more specific effort aimed at broad sectors of great promise (eg. such as those identified by Garnaut).

The Government's macroeconomic policy will provide known and affordable wages outcomes, a continued contribution of the public sector to national savings, superannuation policies to boost private savings, with these public and private savings allowing further investment, and therefore lower weight on monetary policy than would otherwise be the case.

Last week I listed ten priority areas of micro reform to be pursued throughout my fourth term.

My recent Asia Pacific Economic Co-operation initiative is one of many we have taken to benefit from our location in the world's fastest growing region. The Garnaut report suggested many ways our foreign affairs and international trade efforts can be directed to co-ordinated pursuit of our trade objectives.

Because of the significance of our services exports we have the ambitious objective in the Uruguay Round of the GATT trade negotiations of securing a new area of agreement for international trade liberalisation. We know such agreements are possible because of our rewarding experience under the Closer Economic Relations Services Protocol with New Zealand.

In the Uruguay Round we are seeking a much more liberal trading environment for our agricultural producers, an agreement whose principles will cover all traded services and strong rules on non-discrimination, national treatment, and transparency of rules and regulations.

#### Export Promotion

The EMDG Scheme will remain in place until 1995. Following the Hughes Report, a number of changes will be made to the scheme to increase its effectiveness and a new export development fund will be created to support innovative export projects.

The new, discretionary scheme for export market development will be implemented from July 1990 running for four years. It will be funded at \$15 million in the first year and \$20 million in the second and third years. It will support established exporters to enter new markets and launch new products; encourage collaboration and the development of critical mass by smaller companies with export potential; and support the efforts of industry associations and groups to promote exports.

Over the next three years, the \$55 million to be allocated to this scheme by a private sector Board should support significant new export development efforts by two hundred or more Australian firms with the greatest potential to increase exports.

The Exports Market Developments Grants Scheme (EMDGS) is to be revised and extended for a further five years, effective from 1 July 1990. The key changes to the EMDGS are:

- . the maximum grant will be increased from \$200,000 to \$250,000 and the export ceiling from \$20 million to \$25 million;
- . the grant rate will be reduced from 70 percent to 50 percent of eligible expenditure;
- . the number of incentive payments will be limited to eight: however, firms that have received eight incentive payments under the EMDGS will not be excluded from participating in the new discretionary scheme;
- . a new category of claimants - Approved Trading Bodies - will be introduced to encourage smaller companies to collaborate among themselves and with larger companies;
- . the minimum expenditure threshold is to be increased from \$10,000 to \$30,000, with expenditure after the first \$15,000 being eligible for reimbursement under the Scheme;

- . the range of eligible services will be expanded to include health services provided in Australia; film making, recording and similar services carried out in Australia on behalf of overseas clients; legal services; and
- . the cost of attending education courses in exporting will be allowed as eligible expenditure.

Industry wide measures will of course continue for the fourth term. The National Industry Extension Scheme (NIES) will be maintained in real terms through until 1995. Grants for Industry Research and Development (GIRD) will remain in place through to 1995: the discretionary grants scheme (GIRD) will be expanded to include services and market research. Generic technology areas under GIRD in future will encompass waste management and environmental management.

The research and development tax incentive will operate through until 1995. The current MIC program will continue until mid 1991, prior to which a review of the scheme will decide the future mode of Government assistance to increase the availability of venture capital. The AIDC will continue to provide development capital to Australian enterprises which can profitably compete with imports or deliver substantial increases in export capability.

Finally, the National Procurement Development Program (NPDP) will continue, with an expanded capacity to assist innovative Australian companies to develop and test strategic information technology products.

There will also be further expansion of our capabilities in those strategic technology-based industries, such as the information, communication, medical and scientific equipment, and pharmaceuticals industries, where we can build a significant export base in Australia, especially for the Asia Pacific region. This will mainly occur through AUSTRADE marketing strategies and industry development strategies.

#### **Tourism**

As already stated, tourism promotion has been a major priority for Labor. On top of previous efforts, last year I announced new measures to promote tourism. An extra \$31.25 million in 1989-90 was provided to promote both international tourism, and to promote Australia as a holiday venue for Australians.

In response to strong representations from the industry, inbound tourist operators will in future be eligible for EMDG grants.

### Other Services

In addition, EMDG will also be extended to cover health and legal services and intellectual property rights.

AUSTRADE has identified health services as an industry with potential to be a major foreign exchange earner - with earnings of \$150 million per annum expected by 1991-92.

The legal services sector had total exports in 1987-88 of \$58 million. A recent study jointly commissioned by AUSTRADE and the Law Council of Australia suggests that the current figure may be in the order of \$100 million per annum. This outlook is hardly surprising given the international opportunities for our legal services sector particularly in the Asia Pacific region.

We are actively promoting Australia as an international centre for commercial arbitration and dispute settlement where alternatives are wanted to the normal court processes.

We are also promoting our legal services, by involvement in international fora such as UNCITRAL. We ensure by this that Australian professionals and business people have access to developing international standards and develop the expertise that can be drawn upon anywhere. We are at the same time also reducing transaction costs for exporters and importers, by promoting uniformity in international commercial law.

Telecommunications exports already are significant at \$400 million (in 1987-88).

OTC and Telecom are leading the way into substantial markets offshore. OTC International, Australia's worldwide communications company, has won major contracts in Vietnam, Sri Lanka and elsewhere in the region, and is developing a vast Pacific Area Telecommunications (PACT) network.

Telecom's international arm has benefited from the Government's decision to enable Telecom to compete in world markets and is creating new export opportunities for Telecom and importantly, for other Australian high-tech companies. So far, Telecom has won 150 contracts in 30 countries, including an \$86 million contract to manage Saudi Arabia's telecommunications network.

Total foreign exchange earnings from the education and training sector are expected to reach \$400 million in the 1989 academic year - an increase of almost 70 percent on the previous year.

In 1986 the Government responded to growing demand from overseas students for Australian education courses by introducing the full-fee overseas student program.

Revenue earned from fees is retained by institutions to meet all costs incurred by overseas students, and any surplus is used to expand facilities which benefit both Australian and overseas students.

In recognition of the demand for Australian education services from Asia and the Pacific, the Government is to establish, under contract, Australian Education Centres in 11 countries in the region.

To ensure that Australia maintains its reputation for quality education, a national code of conduct for the provision of Australian education services has been adopted by institutions and organisations involved with overseas students.

Of course the Government is aware there are obstacles to continued growth in these sectors. Late last year my Government received an IAC Report on International Trade in Services. We will be responding fully to the detailed recommendations of this report this year. My Government has already responded, in part, to the report by sending new references to the new Industry Commission on export of education and health services.

#### Commodities and Raw Material Processing

General macroeconomic and microeconomic as well as trade policy are most important for promotion of our commodity and raw material processing exports.

Garnaut has emphasised particularly improved efficiency in electricity generation and coastal shipping, and clear environmental standards as important for improved exports of processed raw materials. My fourth term micro agenda highlights the first two items. While an appropriate balance is not straightforward, I have already stated that clear environmental guidelines will be provided across most sectors over the next year.

My Government has actively pursued strategies in many areas of processed raw materials, usually tapping expertise from a wide variety of sources, especially in industry.

For example, reports in four areas of raw material processing - wool processing, skins and hides, fish and minerals - identify areas for action by the industry (eg. a co-ordinated marketing effort in the fishing industry) and for government (eg. training, transport costs). They have led to a range of continuing activity, such as AUSTRADE's Investment Promotion Program for value added in hides, skins, wool and cotton and information programs to match Australian firms with interested overseas firms; AIDC's \$27 million which is available for equity involvement in further processing of wool, cotton, skins and hides; and the Basic Metals Industry Council's "Action Plan" aimed at zinc and titanium oxide.



Industry and Government assessments suggest that Australia could increase value added exports of wool, cotton, skins and hides from \$1.7 billion currently (1988-89) to \$5 billion by the late 1990s.

Substantial investments to lift capacity and export capability are underway in wool, hide and food processing, and rare earths developments are being piloted at several locations.

Our strategy for the fourth term will comprise, first, development of sector specific marketing plans through AUSTRADE working in conjunction with industry.

Second, the attraction of domestic and overseas investment into export-based development by working with companies and industry organisations.

Third, continuing the agenda set for the Industry Commission and the Resource Assessment Commission in examining key factors affecting the business climate for raw material processing (eg. a reference on energy generation and distribution as already mentioned, and references on raw material pricing and forestry) and establishing new references as warranted.