



20

PRIME MINISTER

EMBARGOED: Against Delivery, 8pm

SPEECH BY THE PRIME MINISTER, THE HON P.J. KEATING, MP

NATIONAL TRADE AND INVESTMENT OUTLOOK CONFERENCE
MELBOURNE, 24 NOVEMBER 1993

Some of you here will have heard these opening remarks before, many of you will know the truth of them.

But I would like everyone to know - and that is enough to warrant repeating them once more.

The image of Australia as an extended sheep run and quarry is false.

The idea that Australians enjoy the comforts of sophisticated contemporary life principally through the proceeds of pastoralism and mining is false.

The idea that we cannot compete with the world in the business of making things and selling them at the sophisticated end of the international market is false.

We hear an echo of these ideas from time to time, but they are curiosities not realities.

They linger because they were sufficiently true for long enough to leave a residue.

Only a decade ago the suggestion that we might trade competitively in manufactured goods and services, as well as in minerals, energy and primary products - that we might be able to create and sustain a more diverse, creative and sophisticated economy - was scarcely entertained.

This National Trade and Investment Outlook Conference is one indication among many of how much that way of thinking has changed.

And how much the reality has changed.

Now we know that the only way we can maintain and improve our standard of living, create employment and reduce unemployment, and share in the wealth of a rapidly changing world, is by means of a diverse, flexible, creative, open and sophisticated economy.

The Australian Government knows this, most Australian companies know this, most Australian workers know it.

Indeed there are few countries - perhaps none - where the process of economic education has been so rapid and so general as it has been in Australia in the past decade.

Not that this evening we shouldn't repeat some of the injunctions once more; exports mean employment and prosperity.

Exports mean growth.

Exports mean a share of the excitement, a share of the good jobs and the good life in the years ahead.

Exports are what it is all about.

We know how far the frontiers of trade have widened. We are very much aware that we live in the fastest growing region in the world - the Asia-Pacific region which now accounts for about 80 per cent of our exports.

We know how rich is the potential.

How demanding the challenges.

We also know how deep our resources run, and that what we need principally is the resolve and ingenuity - and that, I presume, is the business of this conference.

Those of you who have heard me say these things before - and, it's true, I have been saying them for a decade - will quite possibly have also heard some of these figures I am about to quote.

I confess to this as well - in the past twelve months or so, as the pattern has emerged, I have not been backward in describing it.

And I see no reason to make tonight an exception. Because I want to demonstrate that more than our thinking has changed - the reality has changed too.

Australian exports as a percentage of GDP have grown from 13 percent a decade ago to 20 percent today.

Today exports of manufactures now exceed exports of rural products and minerals and fuels.

As I said, what remains of the old image of Australia as a farm or a mine may now be jettisoned for good.

A decade ago, in 1982, exports accounted for 14 per cent of sales by Australia's manufacturing sector.

Today the figure is 24 per cent.

In other words, almost one quarter of sales earnings by Australian manufacturers came from overseas.

Manufactured exports increased by an average of 12.5 percent a year between 1982 and 1992 - more than four times faster than growth in agricultural exports and slightly faster than growth in mining exports.

In the fastest growing component of world trade - services - our exports have grown threefold since 1983 and now account for almost a quarter of our total exports.

This conference, then, takes place within a context of dramatic change in the structure and direction of the Australian economy - and a parallel change in Australian consciousness.

A change in the outlook of Australian business and industry, Australian workers and Australian governments. All of them now take it as given that we can and must export - and I don't know anyone who has credibly pointed to the limits of our potential to do so.

Of course, the outstanding fact in any consideration of Australia's trade and investment potential is our location in the Asia-Pacific.

We live in the most dynamic region in the world and that gives us the greatest opportunity we have ever had.

There is no doubt we have the resources to succeed, and not only in the traditional areas of minerals and energy and agriculture.

There is no question about our capacity for technological invention and innovation.

This country develops and produces world class products at the forefront of medicine, science and technology - in the field of microsurgery, IVF, the cardiac pacemaker, plant genetics.

Australian-made high-speed ferries ply their way through European waters; Australian-made engines and automotive components are found in European cars; Australian software manages some of the most advanced airports in the world and the Swiss Stock Exchange.

We have a highly educated and skilled workforce. The Government has made education and training an absolute policy priority.

- . We have raised the number of young Australians completing secondary school from 3 in 10 to 8 in 10.
- . A higher proportion of Australians leaving school now enter university than in Germany, Japan or the United Kingdom.
- . In Australia today over 40 different languages are taught in our schools - the Federal Government spends about \$22 million a year on Asian language education and studies.

We are making training more responsive to industry, increasing capacity in our training institutions, and promoting the relevance and quality of that training.

We have the human and material resources. We have the awareness and motivation.

The task is to clear the way for business to exert its genius and muscle.

I think it can be safely said that in the past 10 years no Government has done more to both raise awareness of the economic imperatives and to make the practical changes necessary to meet them.

We have opened up the economy, floated the exchange rate, reformed the waterfront, rail and road transportation, aviation and telecommunications.

We have established an orderly and manifestly effective program for reducing tariff protection, and improving the capacity of the economy to respond to the challenges of the international marketplace.

We have introduced industrial relations reforms which will increase labour market flexibility and productivity growth by widening the spread of enterprise bargaining.

The fruits of these reforms should now combine with other favourable conditions to attract investment and growth.

Interest rates are now at historically low levels.

Inflation is low and under control.

We are seeing solid productivity growth.

In addition, the recent business tax initiatives have ensured that the competitiveness of our system is on a par with comparable OECD countries; and the reduction in Australia's corporate tax rate to 33 per cent makes it competitive with most of our trading partners.

Partly through Government encouragement, growth in research and development has been the second highest in the OECD, and Australia now employs more research and development personnel than most countries in our region.

We have introduced a development allowance, a general investment allowance, a substantial acceleration of depreciation provisions and concessionally taxed pooled development funds.

The Australian economy is now around 27 per cent more internationally competitive than 10 years ago.

It is a more diverse, more flexible and much stronger economy.

Despite subdued world trading conditions, Australian export earnings have reached record levels.

An export culture which we have developed in the last few years is now growing new small to medium sized businesses whose entire reason for being is export.

It is high value-added products they export, and more often than not it is to the Asia-Pacific they go. Indeed these companies have been instrumental in achieving average annual growth of 15 per cent in our exports of sophisticated manufactures.

Australia's advantages have been recognised by a growing number of multinational companies who have selected Australia as a base for activities in the Asia-Pacific region.

Lexmark, Cathay Pacific and Tandem Computers Incorporated to name a few.

We encourage the establishment of regional headquarters in Australia.

My Government is willing to be responsive in addressing issues impacting on companies' location decisions.

The Australian government takes the view that that its principal role is to create an environment in which business can flourish - in which established businesses can grow and new ones be born.

But we remain a government which also believes in working with industry: to open doors and build new relationships.

We are assisting exporters. In the telecommunications area, for example, the Government has established a joint body to ensure closer collaboration between the industry and Government in their export efforts.

Earlier this year, the Government launched a processed food export drive, one of the largest and most comprehensive single campaigns of its kind aimed at tapping the quality of Australia's food industries.

Australia is an extremely efficient agricultural producer, but there is enormous scope to develop the industry further and exploit the rapidly expanding market for high quality clean food.

My Government has also recognised that enormous opportunities can be created by tapping into the potential lying in the skills and abilities of those many Australians who have come from other countries and retain personal and cultural ties with their homelands.

The continued growth and stability of the APEC region and its continuing integration is crucial to Australia's expansion and prosperity.

This is particularly true given the disappointing failure of the US and the EC in their most recent meetings to produce a breakthrough on the market access issues necessary to move the Uruguay Round to conclusion in the middle of next month.

Over the next two years increased exports to APEC members will create more than 70,000 new jobs in Australia - good skilled jobs with good wages and a good future.

Over the next two years increased exports to APEC members will account for around a third of our total increase in Australian production.

At the end of those two years Australian exports to APEC will account for around 15 per cent of our total output - of all we do, all we make, all we sell.

Sixty six billion dollars worth of exports to the most dynamic and the most rapidly growing region of the world.

It is already the case that APEC has a higher degree of trade integration than the EC.

Just on two thirds of our exports by APEC economies are to other APEC economies.

I have just returned from Seattle where leaders from the Asia-Pacific region met to discuss ways of working more closely to assist the free flow of goods and services.

I went to Seattle not knowing, as I told an audience in California, what exactly would happen when fourteen Asia-Pacific leaders, with no staff and no formal agenda, got together on Blake Island in Puget Sound.

It was the first meeting of its kind and it no easy thing to predict the interaction of such different people, from such different countries.

But the result was I thought very powerful evidence that the leaders of the Asia-Pacific economic community are developing a stronger and stronger sense of the importance of things which we can do together to advance the prosperity of the region.

We came away from that meeting with some substantive understandings.

We agreed to ask our officials to get to work on an investment code for the region, which would allow us to define some common approaches to the vast movements of funds, technology, and techniques which are proceeding in every direction in the region, and which are doing so much to transform it in ways we are only beginning to comprehend

We agreed to greatly increase the importance of business in the APEC process by creating a council composed of two business leaders from each country.

Its job will be to suggest ways APEC can help business in trade and investment, to become engaged in the work program of officials, and to urge us on to do whatever governments can do in concert to enhance regional prosperity.

We also agreed that harmonising product standards was a worthwhile goal for APEC, and endorsed the work of our ministers in agreeing to a trade and investment framework document which formalises the APEC structure.

We also agreed that harmonising product standards was a worthwhile goal for APEC, and endorsed the work of our ministers in agreeing to a trade and investment framework document which formalises the APEC structure.

We agreed that finance ministers would meet early next year to commence an exchange of information and views about the regional economy, and the lessons we can share in macroeconomic policy making.

The most important of our agreements was to meet again next year in Indonesia.

This means that the whole work agenda of APEC officials, the whole series of meetings on customs, standards harmonisation, investment rules and on the regional economy suddenly takes on a new significance, a new weight.

For the first time the results of all this work will ultimately come under the scrutiny of leaders, and for that reason it will have a little more urgency, a little more consequence.

So the formal outcomes of the Seattle meeting were important, but I think the informal outcome was much more important.

This outcome was simply the chemistry of the meeting - the excellence of the personal rapport which was present in this first ever meeting of Asia-Pacific leaders.

It is a remarkable thing that in this age of faxes and telephone calls, of instant electronic communication, face to face meetings still matter.

But in my experience they do - they matter tremendously.

We didn't create a new community in Seattle.

Instead, we began to think of ourselves as the community we have already become.