



PRIME MINISTER

ADDRESS BY THE PRIME MINISTER, THE HON P J KEATING MP -
FRENCH BUSINESS COMMUNITY LUNCH, PARIS, WEDNESDAY 8 JUNE

Thank you very much for coming. It is gratifying to see so many senior business figures who have taken time off from their heavy commitments to be here today.

I am in France because fifty years ago Australians took part in the landings in Normandy. Australians were here then as they had been in the First World War. It is one of the remarkable features of our history - that a profound part of it was written on the battlefields of France. A tragic part of it, yet a part which shaped the Australian nation and the national character.

In fact the threads of our relationship go back much further than the wars: they go back to the foundations of European settlement in Australia. In 1788 as the British raised the Union Jack on the shores of Sydney Harbour, La Perouse was anchored just offshore.

Indeed, the Australian coast from Perth to Hobart is dotted with the names left behind by La Perouse, Baudin and D'Entrecasteux.

The map of Australia tells the story of a scientific or academic interest, rather than a commercial one.

I am here today to tell you that we believe the time has come to convert your interest to wholehearted economic engagement.

To be an Australian in the nineties is to feel present at a definitive moment in our history. Literally definitive - the culture, including the work and business culture, the economy, the nation's identity and international direction are all being re-defined and newly articulated. Australia's place in the world is being re-defined.

I believe the decade will, in time, be seen as one in which the remnants of post-colonial ambivalence were swept away, not with any loss to our best traditions, but with the creation of institutions and procedures which reflect the great changes of recent years and are appropriate to the reality and needs of Australia in the twenty first century.

The old barriers to the world outside and, in particular, to our own region - the Asia-Pacific - have been substantially removed.

Mass post war migration, first from Europe, and then also from Asia, long ago broke down the old monoculture and with it the xenophobia which, if not entirely the reality, was certainly the image of Australia for a very long time.

Deliberate government policies, combined with what I think is a strong underlying tradition of tolerance have made it surely one of most successful examples of cultural pluralism in the world.

In the last decade the Australian economy has also been opened up to the world. We floated the dollar, abolished capital controls and undertook a dramatic program of tariff reductions.

The sum result of the changes in Australia has been that we now see ourselves in a much larger mirror - a mirror which reflects the comparative advantages on which we must build and the comparative shortcomings which we must rectify.

The same mirror also suggests that we must clearly define ourselves.

If it is true that companies need corporate identities in a competitive world, it is probably also true of countries; and the need is greater for a country like Australia which has undergone rapid change and is now entering the new world of the Asia-Pacific.

Such an identity does not need to be invented: the deeper understanding and the imperatives which flow from exposure to the world will essentially articulate it for us.

Just as this exposure in the plainest possible way told us that work place practices had to change, and international best business practice had to be applied, and inflation controlled, and an environment in which business, especially export business - the business of the future - could flourish.

That is what has happened. And, because in a competitive world change never stops, it is continuing to happen.

There has been massive structural and cultural change in the Australian economy and the results are striking.

That is why, entirely without apology, I am urging French companies to invest in Australia. I can assure you it will be good for both of us.

Never has the climate for investment been better.

We have the highest economic growth in the OECD. In the last twelve months GDP increased by 5 per cent and employment rose by over 3 per cent.

We have corporate profit share at an all time high of just over eighteen per cent of GDP.

We have interest rates at their lowest level for twenty years.

We have inflation at around 1 per cent - even less based on the product deflators in the national accounts. And we have it locked in by an Accord on wages with the trade unions. We have wages increasingly linked to improvements in productivity.

A revolution in the industrial culture has given us the lowest level of industrial disputes for decades.

There is strong export growth. Ten years ago exports made up no more than 13 per cent of Australian GDP - today that figure is over 20 per cent - and they are much more diverse. The proportion of manufactures is now equal to the proportion of agricultural product. Exports of elaborately transformed manufactures have risen by 60 per cent in the past three years.

And when you see where our exports are going you see another reason why you should invest.

If rising demand in the domestic market is the first reason, the international market is the second. Our firms have demonstrated that Australia is a wonderful base from which to export into the booming Asia-Pacific markets.

As all of us here today know, the scale of change in Asia is remarkable.

Take China.

At the present rate of growth, China's economy is doubling every eight years.

While world trade grew by about 80 per cent between 1986 and 1992, the trade of the three Chinese economies grew by 180 per cent.

But of course there is much more to Asian dynamism than China. There are the rapidly growing markets of South East Asia, including that of Australia's nearest neighbour, Indonesia, and the likely new tiger, Vietnam.

It is with this most dynamic region of the world that Australia now does most of its business.

Well over half of Australia's merchandise exports go to East Asian markets. Almost two-thirds of our total exports go to Asia. Australia's trade relationship with Japan is one of the economic sinews of the region.

In the last five years our annual average export growth to the ASEAN region has been more than double the growth of our total exports - and the increase in our exports of elaborately transformed manufactures has been particularly dramatic.

More and more Australian businesses are being born of our new Asian export culture. One-third of our exports of elaborately transformed manufactures are coming from small firms that have begun exporting only in the last ten years.

These days Australian companies measure themselves against Asian levels of productivity and competitiveness. We have substantial advantages: a skilled multicultural workforce, high standards of education, political stability, an effective legal framework, well-developed infrastructure and a continuing program of microeconomic reform.

Australia is a leading information technology country. We invest more of our GDP in telecommunications than Japan, Singapore or Hong Kong.

We have more computers per head of population - a third more than our nearest rival, Singapore - than any other country in the Western Pacific, and more telephones per head of population than anyone else in the region.

Australia is a very good place to do business, a very good place to establish regional headquarters - which is what many international service companies have already done.

Not only can we more than match the newly industrialised economies of Asia in skills, productivity, stability and certainty, investors will find that the cost of an international telephone call, office space and housing, are significantly lower than, say, Singapore and Hong Kong.

They will find a corporate tax rate of just 33 per cent, a 10 per cent tax rate for Off Shore Banking Units, and accelerated depreciation rates for plant and equipment. They will find that the overall tax burden in Australia is the lowest of all OECD countries.

They will find a lot more space to live in, air that is a lot cleaner and the trip to the office quicker and less stressful.

They will also find a first class universal health system, and schools, hospitals and social services which in general have few peers in the world.

They will find a small public sector but an effective one.

They will find a Western culture in an Asian location and in an Asian time-zone.

In short, they will find that Australia is a very good place to live and work.

In the 1980s Australia rejected the socially regressive forms of economic rationalism in favour of structural reform allied to inclusive social policies.

Last month we delivered a major statement on employment - a comprehensive strategy for training and returning the long term unemployed to the workforce.

The strategy will deliver to us greater levels of social cohesion and justice and a more skilled and flexible workforce.

We are building our economy on skills and productivity coupled with a sophisticated social net.

We have no intention of imitating the wage regimes of developing countries. We have proved that we can compete by other means - and be considerably more attractive to overseas investors.

In other words, Australia offers a perfect springboard for companies wanting to take advantage of the dynamic Asian markets.

You will be aware that Australia has taken a leading role in building new structures in the region for trade and security.

Last year I attended the first meeting of APEC countries in Seattle. There fourteen Asia-Pacific leaders laid down objectives for the future.

The aim is open regionalism - regional trade liberalisation which avoids disadvantage to others.

We envisage ultimately an integrated market bringing together the economies of Australia, ASEAN, the three Chinas, Korea, Japan and North America.

A market of 2 billion people, producing half the world's output, with harmonised trade and investment rules, harmonised standards and certification and agreed means of settling disputes.

APEC leaders will meet again in Indonesia later this year, lending weight to the gathering momentum of cooperation in the region.

It must be stressed that neither APEC nor Australia has in mind turning away from others parts of the world. We are certainly not talking about raising barriers.

We are inextricably linked to the world economy. We depend on an open world trading system. We unequivocally support the multilateral system.

Our increasing integration with Asia does not mean that Europe is fading from our minds.

Far from it, we remain actively engaged with European economies and we want to do much more.

We want to do more with France. And the gathering here today rather suggests that we are and that we will.

At present only 7 per cent of exports from the fourth biggest economy in the world go to East Asia. I know that Monsieur Longuet wants to change that with his "French Initiative Towards Asia". I am sure that he wants France to dramatically increase her trade with the region before other players take their share.

I am in no doubt that great benefits will flow to both our countries if French companies make Australia their base for moving into these new markets.

There is also very great potential for increased trade and investment between our two countries.

In recent times a number of French companies have made substantial investments in areas as diverse as telecommunications, air traffic control systems, resort management, waste water treatment, film and television and viticulture - the last being an outstanding example of cross investment combined with cooperation in technology and research.

Ladies and gentlemen, if for the first two centuries of

We find them in vineyards from Western Australia to the Hunter Valley of New South Wales. We find them in the industrial suburbs and the central business districts of our major cities. We find them in laboratories and film studios. They are present in the booming tourist industry of Queensland - as investors and managers, and as tourists.

We want to see more of France in Australia and more of the French.

I therefore hope to see you, M. Longuet, in Australia soon. I also hope to see those of you here today and senior executives from other French companies later this year at our second National Trade and Investment Conference, when France will be the European country invited to join representatives from the Asia-Pacific.

It is for this reason that I want to thank the people who organised this gathering, particularly Club Australie with which I know many of you have been associated, and M. Gandois who has played a crucial role in developing business links between our two countries.

It is great enterprise and I have no doubt it will be a very rewarding one.

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