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PRIME MINISTER

**SPEECH BY THE PRIME MINISTER, THE HON P J KEATING, MP
OFFICIAL OPENING OF CeBIT 95
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I am very pleased to take part in the opening of CeBIT 95.

It is a particular pleasure to be in Hanover as the first Australian Prime Minister to visit Germany since reunification. We are good friends, with a long history of close co-operation and ties which go well beyond the commercial. You are, however, also one of our ten largest trading partners and investors.

The relationship with Germany means a lot to us. I hope my visit this week will lay the foundation for Australia's co-operation with Germany well into the next century.

I could have faxed this speech, of course. Or used the modem. I could have E-mailed it: or, as some remote Aboriginal communities do these days in outback Australia, I could have video-conferenced it.

I could have used the highway instead of the aeroplane. E-mail is quicker, cheaper, more comfortable and doesn't separate us from our families.

But for all its extraordinary power and convenience, all its seemingly limitless potential, there will always be some things the information highway cannot do.

Among them is the need to make personal contact of the kind I will make in Germany in the next few days, or the kind you are making here at CeBIT 95. Nor will it ever relieve us of the need to make judgements and decisions and to have the will to act upon them.

In fact, right now, no decisions are more important than the ones we are reaching in regard to the revolution in information technology and communications which is transforming our lives.

CeBIT 95 is taking place at a time when policy makers all over the world are having to grapple with new and complex issues raised by information technology.

Last week, I launched the final report of an Australian Government inquiry into the technical and commercial preconditions for the delivery of broadband services to homes, businesses and schools throughout Australia.

There is a striking similarity between the issues we have been investigating and those considered by the G7 at its summit on the Information Society in Brussels last week.

The G7 meeting addressed the social consequences of the revolution in communications technology: the democratic imperatives. They asked the question what sort of society will the information society be?

Among other things, they concluded that governments around the world must promote the universal provision of services; diversity of content, including cultural and linguistic diversity; open access to networks and equality of opportunity.

In Australia we have been saying things for some time. In fact, we have been doing them.

The G7 Conference Theme Paper spoke about the "enticing" potential rewards of the global information society: "better social integration: the recovery of our sense of community; enhancing the progress of democratic values and sharing as well as preserving cultural creativity, traditions and identities; improving the quality of life; a stimulus to economic growth, job creation and higher economic efficiency..." and so on.

In Australia, we know what these things mean. The communications revolution suits our ambitions.

It suits our social ambitions which are social democratic - egalitarian and inclusive.

It means that we can deliver social programs more efficiently and that we can reach the margins with them.

That is another ambition we can pursue with the new technology: we can overcome the vast distances which separate Australians and deliver, even to the most remote areas, education, training and health services, including medical teaching, rehabilitation programs and rapid long distance diagnosis. We can deliver employment programs. The new technology will enable us to take to the more remote communities of Australia the nation's arts and heritage.

Australians live in a relatively loose federation on a continent the size of western Europe. We have a population of just 18 million - an extraordinarily diverse multicultural population - the vast majority of whom live in cities on the coastal fringe. We see in the communications revolution an opportunity to effectively reduce the physical, social and cultural distances

between Australians and to create a more equitable and cohesive nation.

If the distances between Australians have always been a concern, so too have the distances which separate Australia from the rest of the world.

Some years ago an Australian historian coined the term "the tyranny of distance" to describe the way in which our isolation from each other and the world has shaped our national development.

Overcoming this "tyranny of distance" has been, if not quite a national obsession, a powerful theme in the story of Australia. Information technology and the communications revolution is bound to be a decisive chapter in the story.

It will be all the more decisive because it complements another ambition of ours - that is to integrate Australia with the global economy and, in particular, the fastest growing economies in the world - those of the Asia-Pacific. I know that this region is of growing interest and importance to Germany.

For Australia, Asia is not the Far East but the Near North. Our economic integration with the region has been growing fast: a decade ago less than half of Australia's merchandise exports went to north east and south east Asia. The figure is now 60 per cent.

Nine of our twelve largest export markets are in Asia. Australia supplies almost half of east Asia's coal, iron ore and beef, and over half of its wool and aluminium ore. Australia has, to a very substantial extent, literally fuelled east Asia's economic boom.

But although these commodity exports remain very important to us, exports of elaborately transformed manufactures to the Asia-Pacific have more than doubled in the past decade. And we expect services exports to double over the next five years.

In the Asia-Pacific we are seeing the emergence of a sense of community, an understanding among the countries of the region that we need to work together if we are to maintain high rates of economic growth.

This is what has been driving the development of the Asia Pacific Economic Co-operation organisation - APEC.

In fact, the proportion of trade between the APEC countries is greater than that within the EU. In Indonesia last November, leaders from the 18 APEC economies committed themselves to the goal of free trade and investment in the region by 2010 for industrialised economies and 2020 for developing economies.

When we meet again in Osaka later this year, APEC Government leaders will be talking about the best ways to implement their free trade goals and working together on issues like the harmonisation of standards and customs regulation.

For both Australia and for the region the potential of APEC is vast. Yet it is important for more than the material benefits it will deliver: it is important for the message it contains. It is a watershed in the region's history; and in Australia's history it marks a change of the same dimensions - it encapsulates the effort we have made in the past decade to transform our economy, redefine our independent identity and re-orient ourselves towards that part of the world in which we live and our future very substantially lies.

The communications revolution plays a defining role in this Australian revolution.

We are very conscious of the fact that it offers us the chance to dramatically improve the performance of our existing industries and create new ones - new industries which will integrate us more thoroughly with the world economy, and at the same time strengthen the fabric of our national life, culture and identity.

Information technology is already a major Australian industry and one of the most rapidly growing sectors of the Australian economy. It is a significant export earner now and the industry has set itself a target of quadrupling those earnings by the year 2000.

That Australia has been chosen as Partner Country for this year's CeBIT Exhibition, we regard not only as a great honour, but as a very welcome testimony to Australia's advanced capabilities in information technology and communications.

I am sure that the 170 or so Australian companies represented here will not mind if I say that their presence speaks for more than the excellence of their own operations and their own success - it speaks for the new Australia.

Their presence speaks for a country which has radically transformed its economy in the past decade and is competing successfully in the modern global economy.

We hope, of course, that this Exhibition will help these companies to expand their operations in Germany and Europe. But more broadly we hope that our participation at CeBIT 95 will help the international perception of Australia to catch up with the contemporary reality.

We are under no illusions about this: many Europeans continue to think of Australia as a remote country - remote not only in the geographical sense, but removed

also from the modern international market place of ideas, innovation, technology and industry.

It is true, Australia is a long way from Hanover. It is also true that we live in a country whose unique physical characteristics, along with its pastoral and mining industries, have long been its defining characteristics.

And so long as those traditional industries continue to flourish, and tourists come from all over the world - including, I am happy to say, Germany - to see the outback and the rain forests and the beaches, we will not be discouraging these perceptions.

Rather, we would like to add to them an appreciation of the change that has taken place - the change to an outward-looking sophisticated manufacturing economy.

I could point to any number of examples of that change. But none is more striking than that in information technology and communications - the field in which the Australian companies represented here at CeBIT 95 are excelling.

It is to detract not at all from the energy and efforts of these companies to say that they now work in a domestic environment that could scarcely have been imagined a decade ago - a much more favourable domestic environment.

Let me state a few of the facts as briefly as possible.

One way of summarising our position is simply this: at present, with the exception of Germany, no country in the EU meets all the convergence criteria set out in the Maastricht Treaty for Economic and Monetary Union. Australia does.

Modern Australia is a deregulated environment of low tariffs, low tax rates and low inflation.

Last year the Australian economy grew by 8.4 per cent and we forecast growth of 5.5 per cent in 1994-95. Labour productivity increased by 4 per cent in the year to September 1994, employment grew by 4 per cent and the inflation rate was 2.5 per cent.

Over the last 10 years exports of goods and services as a proportion of GDP have grown from around 14 per cent to 22 per cent. Our international competitiveness has increased by 36 per cent.

Over the last 5 years exports have grown by more than 7 per cent per annum. Our exports of elaborately transformed manufactures have grown at more than twice this rate.

The export base is diversifying rapidly - in 1993-94, for instance, exports of Australian-made computers and office machinery, parts and accessories increased by almost 30 per cent. Exports of telecommunications equipment increased by 34 per cent in the same year.

Australia has a \$40 billion IT and telecommunications industry, with more computers and processing power on a per capita basis than any country other than the United States.

Export earnings from our information industry at present total \$2.6 billion, and the industry expects the figure to reach \$10 billion by the year 2000 - equal to our annual exports of iron ore and coal.

Australia is indeed a remote continent. We are accustomed to vast distances. But this has had its advantages: it has taught us to innovate.

A century ago, for instance, it made us pioneers in the science of refrigeration so that we could get our meat to European markets. It put us among the pioneers of aviation.

And in more recent times it has led us to develop one of the most advanced telecommunications networks in the world: networks which connect nearly all the households and business premises in Australia.

Australia has more telephone lines per head of population than Germany, Japan, Britain or the United States. One in eighteen Australians use mobile telephones, the second highest per capita rate in the world.

The Australian telecommunications sector is the eighth largest in the world - on per capita basis it is the second largest.

These figures need to be understood in the context of the Australian services sector, a major user of IT and telecommunications products, which accounts for 70 per cent of the total output of the Australian economy and employs three quarters of the workforce. As much as 40 per cent of the value content of everything Australia exports involves services.

After Japan, it is the largest services sector in the Asian region, and Asia is a major user of Australian services.

As I said before, Asia is basically where Australia's future lies.

What is equally important, Australians now recognise this fact and, with the shift in perception, has come a rapidly expanding awareness of the potential to do business in the fastest growing markets in the world.

So too are there opportunities for overseas companies to establish their businesses in Australia as a gateway to Asia and as a site for Asia-Pacific regional headquarters.

Over a hundred international organisations have already done this, including such European companies as Hella of Germany, Ericsson, Vodafone, SITA and Thomson CSF.

They have found in Australia that Government policy is directed to maintaining a competitive domestic environment, a strong international orientation and, in particular, an intensified engagement with Asia.

They will find one of the lowest company tax levels in the world; generous depreciation allowances on plant and equipment; exemption from dividend withholding tax; and 150 per cent tax concessions on research and development.

They will also find that Australia has a standard of living with very few equals in the region, or the world for that matter, and a quality of life which is second to none.

Europeans who choose to move there will find that Australians have become familiar with Asia-Pacific markets and skilled at doing business there.

And if these advantages do cause international companies to decide to set up in Australia, they will find streamlined immigration procedures for their employees and tax deductions for their relocation expenses.

They will also find that there are considerable advantages in working with Australia in areas of information technology and communications.

For a number of years now, we have been actively seeking co-operative relationships with multinational companies as a means of developing the expertise of Australian firms.

Today, more than 40 multinational companies participate in a program through which they invest a percentage of their Australian sales in local joint ventures with Australian research centres, in new product development, and in assisting Australian technology firms to enter international markets.

Overseas companies contemplating a move to Australia should also bear in mind that Australia is the second biggest market for information technology and telecommunications in the Asian region, and that Australian governments are major customers for international IT companies.

8

When overseas companies come to Australia, they will find that we have decided that IT and communications will be one of the nation's great industries. They will find that we are very confident of our technological capacities.

In rural communications, airport design and equipment, or the design and management of nationwide telephone systems, Australian engineers number among the preferred suppliers throughout South-East Asia.

But it is not only in Asia that we aim to succeed.

Many of you may not be aware, for example, that reservations, tracking and booking systems for Lufthansa and other airlines are run by software developed in Australia.

Or that telephone systems in Germany and other European countries rely on Australian-developed switching systems.

Those systems are a product of expertise in ISDN and data communications technology which Australia implemented at a very early stage. Indeed, we now have a highly sophisticated network with one of the most extensive optical fibre networks in the world.

Australia's demographic pattern is almost certainly a reason why we excel in remote communications, electronic data interchange, geographic information systems, computer systems for mining and mineral processing and satellite navigation systems.

Far from the IT development centres of Europe and the United States, Australians have had to develop sophisticated solutions of their own.

As a result, we have built powerful and flexible software applications in areas such as banking, transport and retail markets; and Australian accounting, banking, insurance and treasury management packages, have become world standards.

We discovered quite some time ago that living in the Southern Hemisphere had the advantage of enabling us to supply primary products to the Northern Hemisphere in the off-season.

Today, the fax and modem have made us conscious of a different fact: that the time zone difference between Australia and Europe, which has always seemed to work against us, can now work for us - because now Australian software firms can analyse problems while their European clients sleep, and send the solutions before the start of business in the morning.

9

There is perhaps no better symbol of how changes in information technology present themselves as possibilities for Australia.

Australia is now integrated with the global economy in ways which until now have always been denied us. We see our future in Asia, but not exclusively. It is surely a truism that in the information age no-one's future will be exclusive. If there is a single salient fact about the information society, it is that our future is shared - it can be and it ought to be.

Our "Asian future" can serve yours: Germany and the other countries of Europe can use Australia as a base from which to enter these vast new markets.

Moreover you will find Australia is a market in itself, and a creative partner in developing new technologies. As the Australian companies at CeBIT 95 bear witness, you will find that we are very determined to be a successful player in the information age.

We are very conscious that we cannot claim to have succeeded without success in Europe. That is why we are here. It is why these 170 Australian companies are here.

And it is why I am very pleased to join in the opening of CeBIT 95.