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PRIME MINISTER

SPEECH BY THE PRIME MINISTER, THE HON P J KEATING MP
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It is a great pleasure to speak to you today here in The Hague.

Australia has very old links with the Netherlands. They go back more than 350 years - but it has to be said that your countrymen in those days refused to see the potential of the place.

In two years' time it will be the 300th anniversary of the landing on the West Australian coast by the Dutch explorer Willem de Vlamingh. Next month Her Majesty Queen Beatrix will be launching a replica of the Batavia, the Dutch ship which was wrecked off the coast of Western Australia in 1629.

In between those two events the most famous of Dutch explorers in Australia, Abel Tasman, visited our southern shores and discovered what is now known as Tasmania. Tasman's impression unfortunately was not a favourable one: he is reported to have said as he sailed away, "There is no good to be done here." And he went on to trade with Japan.

One of the reasons for my coming to the Netherlands today is to tell you that Tasman was wrong - there is much good to be done in Australia.

Tasman of course was exploring out of Indonesia. So a nice circle has been turned. Australia's relationship with Indonesia these days is deep and full of commercial promise.

We recognise that the Netherlands itself has very old connections with Asia; but these days Australia's active engagement with the burgeoning economies of the region can provide a perfect environment for European businesses wanting a base in the fastest growing markets of the world.

Of course, our links with your country are already well established. They are more than simply commercial. In the years after World War II Australia welcomed thousands

of Dutch migrants, and they have made a great contribution to modern Australian society. We feel at home among the Dutch - and I hope you won't mind me saying, very much at home in the Netherlands.

We share a set of social and political values. In politics we incline towards the liberal, egalitarian, social democratic model. There is plenty of room for differences within that broad philosophical canvas, of course; but I think it is true to say that we share the same notion of what constitutes a good society. And I think that, in our own ways, we have both gone closer than most to creating one.

So we have a lot in common - including business.

We have been doing business in fact for years, and very successful business.

The Netherlands is the sixth largest investor in Australia and, among the countries of the EU, the second largest.

The great Dutch companies like Shell, Unilever and Philips have been established for a very long time in Australia. These days companies like Rodamco, Flexovit, ABN AMRO, and the ING Group are among the 70 other Dutch companies who are active.

And increasingly Australian companies are setting up their European operations in the Netherlands. The transport firm, TNT, has its headquarters here. Another Australian company, Mayne Nickless, I understand is about to become a logistics supplier in the Netherlands for Unilever.

Goodman Fielder Wattie is another Australian company operating here - in fact it has become the largest flour miller in Europe and the largest bread maker in the Netherlands. The Australian company Boral, which has recently made a \$100 million investment in Germany, is also a substantial investor in the Netherlands.

The point I want to make today is that these examples of the substantial two-way investment which already exists between us can be multiplied many times over. If we seize the opportunities which now exist, in time - in a very short time - I am sure we will be able to say that this was just the beginning.

For on the eve of the 21st century Australia is uniquely placed as a country in which - and with which - to do business.

We have made great changes in the past decade. I am talking about a new Australia: with an economy which grew at more than 6 per cent last year and is expected to grow at 5 per cent this year; with employment growing at

3.5 per cent; investment forecast to grow at 24 per cent; and with an underlying inflation rate at just over 2 per cent.

We are a pro-growth Government, and my visit to Europe has more than ever convinced me that we are right to be so. We are right to aim for high growth, in a low inflation environment. We were also right, I believe, to pull down the tariff walls which for so long constrained our industries.

Australia is now open to the world and competing in it successfully. In the past decade our exports of goods and services have grown from about 14 per cent to nearly 22 per cent of GDP. Our international competitiveness has increased by around 36 per cent since the early 1980s.

These figures also speak of a cultural change. We are talking about a country which has been prepared to make the changes necessary to engage successfully in the global economy.

We know about change in Australia. We have developed something like a culture of change. As never before in our history we are conscious that our future is in our own hands, and we are extremely confident of our ability to succeed.

I can tell you this - Australia in the first decades of the next century will be very strong.

We will still be a competitive and reliable producer of minerals and energy, and of the products from our great pastoral and agricultural industries.

But we will be much more than this. We are much more than this already. Let me give you a couple of examples which in a sense tell the story.

Australian exports of elaborately transformed manufactures have nearly tripled in the past decade and tourism exports have doubled as a share of GDP. In 1993/94 Australian exports of computers and office equipment increased by around 30 per cent. Our exports of telecommunications equipment increased by 34 per cent.

We find that it sometimes comes as a surprise to European audiences that Australia is in the forefront of information technology and communications.

I was at the CeBIT Trade Fair in Hanover last week. Australia is the partner country this year. There are 170 Australian companies represented - none of them, perhaps, quite so famous as Philips, or Ericsson, or Siemens, but every one of them a measure of Australia's expertise in information technology and communications. Collectively, they are helping the European perception of

Australia to catch up with the contemporary reality of Australia.

It is true to say that Australia is not seen in the world as an outstandingly high technology country. But in fact it is. Australians enjoy one of the most advanced telecommunications networks in the world. What is more, they export their expertise.

Telephone networks in Germany and other European countries rely on switching systems developed in Australia. Australians have developed high-tech solutions in fields like geographic information systems and satellite navigation. They have developed the world's most advanced traffic monitoring and control systems; and built powerful, flexible world class software applications for banking, transport and retail industries.

Australian software runs air and ground traffic control at Schiphol Airport. The "smart cards" and PIN pads used in banks and supermarkets throughout the Netherlands were produced by an Australian company called *Intellect*.

I could list many more examples which would illustrate this essential point about contemporary Australia: that we have taken on the information revolution with a passion. And with great success.

Perhaps it has something to do with our being for so long remote from the world and, living on a vast and sparsely populated continent, remote from each other. In such circumstances people learn the value of communications.

Our embrace of the information revolution is certainly related to the boost we have given in recent years to research and development through such measures as tax concessions; the establishment of co-operative research centres to link various strands of business and industry with our scientific institutions; and to the Government's encouragement of information technology and communications and the new media in a wide range of policy initiatives - including last year a major statement on employment and industry, and another on cultural development.

There are myriad reasons why Australia has developed its interest and expertise in information technology and telecommunications. We have a healthy independent film and television industry which increases our potential to provide content for the new media. We have a highly sophisticated system of closely targeted social services which the new media can serve; and we have people in remote communities who are entitled to the services in health and education and the arts which mainstream Australia enjoys, and which the new technology can provide.

I said in Hanover, and I know the Dutch would understand, the new information technology suits our social ambitions as well as our economic ones. Notwithstanding its traps and limitations, it has enormous democratic potential. And it is where the jobs of the 21st century are going to be.

The outstanding reason for our enthusiastic embrace of information technology and communications is the future. The information highway is the highway to the world Australia has always needed. It eliminates the disadvantage which distance has always imposed upon us. With instant international communications our handicap is gone.

Along with the new markets of the Asia-Pacific, the new information technologies are the keys to Australia's success in the 21st century.

It is only natural that we should have pursued both. As I said, we are at the doorstep of the fastest growing region on earth. Indeed, we are rapidly becoming part of it; and for this reason we are uniquely placed to help Dutch business people like yourselves to pursue the extraordinary opportunities which lie there.

The explosive development of the Asia-Pacific may well be the most important phenomenon of the second half of the 20th century. Asia's development will shape the 21st century. It will shape the world's economy, its culture, environment and security.

You will be aware of the development of APEC - Asia Pacific Economic Co-operation. The member countries of APEC account for half the world's production. By the year 2000 they will account for 60 per cent of world GDP, 55 per cent of world trade.

I am sure you will all know about the historic decision which APEC leaders made in Bogor, Indonesia, last year: they agreed to achieve free and open trade and investment in the region by 2010 for industrialised countries and 2020 for the developing countries. This is an extraordinary development. It will mean a dynamic and integrated market of two billion people.

I don't think APEC's objectives and rationale are sufficiently understood in Europe. It has developed very rapidly and in quite a different way to the EU. It is not a community in the EU sense. It has little infrastructure and few bureaucrats.

But it is no less serious. One of its great strengths is that it brings together both developed and developing economies in one framework. It sets a new standard for co-operation in what is known as the North-South dialogue: it turns that dialogue into a concrete creative reality.

I understand the scepticism about APEC which exists in Europe. But then twelve months ago there were sceptics saying that what was achieved at Bogor would never be achieved; and, twelve months before that, there were even more sceptics saying that we would never get the leaders of Japan, the United States, China and the other 12 together for a meeting in Seattle.

Scepticism is a healthy sentiment of course, but APEC has defied it and I expect the pattern to continue when the Heads of Government meet again in Osaka in November this year - I expect that we will agree on a comprehensive agenda for reaching our free trade and investment goals.

The commitment we have made is not like any other trade negotiation. We have set the end point for liberalisation - comprehensive free and open trade in goods, services and capital. So, unlike the Uruguay Round, we will not be haggling about the extent to which we remove trade barriers.

We are not about to form an inward-looking or protectionist trade bloc. All APEC leaders agree that the trade and investment liberalisation we are undertaking should feed into and fuel further global trade liberalisation. What we want is a more open and liberal multilateral trading system.

I think it goes without saying that Australia would like to see non-APEC countries come to the same view and match our efforts.

Australia's future is in the Asia-Pacific. That is understood these days by all Australians. 65 per cent of our exports now go to east Asia, and about half of our migrants now come from the region. In the process of our integration we have learned a good deal, and that is one of the reasons why Australia is a good place for European companies to establish their headquarters in Australia. They will find that Australians are comfortable doing business in Asia.

They will also find a great many other advantages, including a standard of living and quality of life comparable to their own. Because we share a long tradition and a common cultural heritage, they will find that they are working within a very familiar framework.

They will find commercial advantages, such as a highly competitive corporate tax rate, generous research and development concessions and, perhaps most valuable of all, that sophisticated telecommunications system and highly developed information technology which I have already described to you.

It seems to us that a circle really has been completed. Australia has spent the best part of 200 years on the

outer reaches of Europe's influence. We are no longer in that orbit. We look to Asia and the Pacific. And it is precisely that shift in our priorities which now makes the potential for a productive and mutually beneficial relationship with European countries so much the greater.

In other words, nothing in our European past comes close to matching the potential which now exists to do business with Europe in our Asia-Pacific future.

And in that future, it goes without saying, we see the Netherlands as a most important partner.