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PRIME MINISTER

30 March 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON JOHN HOWARD MP
QUESTIONS AND ANSWERS
CHAMBER OF COMMERCE LUNCHEON, SHANGHAI, BEIJING**

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Question:

Mr Prime Minister (inaudible) Air International. There has been a lot of discussion here about Australian businesses and their future in China. I think Australian businesses show the same tenacity and determination to never say die, the ability to comeback from nowhere as you have in your political career then they are guaranteed of success in China. Would you agree?

Prime Minister:

I've never met him before in my life, I promise you that. Yes, of course I do.

Question:

Stephen Morgan from the University of Melbourne. We've talked a bit about services and the importance of promoting Australian services and technology. Quite clearly there are opportunities here. What do you think are the prospects for, say the insurance sector, in the near future ie Colonial Mutual or National Mutual winning a (inaudible) operating licence?

Prime Minister:

I have to say they are good. In fact I hope they are very good. And I will certainly be pursuing that cause in Beijing in the discussions that I have with the Premier and also with the President, most particularly with the Premier and with the Vice Premier and the other leaders with whom I will be having a dialogue. I think the importance and the real

significance of the fact that this is a combined government and business mission to China is that it demonstrates the commitment of the Australian government to the cause of Australian business in China. The seniority of the business delegation demonstrates the seriousness with which the business community in Australia views that association and also very importantly it communicates to the Chinese government the fact that we are working together and I think that is important. Sometimes in the Australian context there can be the view that the government and the business community is not always working together and sometimes it's a good idea for the business community not to hear anything from the government for a while because sometimes governments get in the way of business. But when you are dealing with other nations with other societies, when you are dealing with systems that are different and have their own particular way of doing things, it is important I think to communicate that message that we are looking at China together. We won't always agree with everything that is put forward by a constituent part of the business community and it may in turn not always agree with every single decision the government has taken but what has pleased me immensely about what we have been able to put together over the last little while and is represented here very much in this room, is a determined partnership between the two of us to do something for the national interest and we are certainly not going to leave any stone unturned in trying to achieve that goal.

Question:

Prime Minister, Serena Lilywhite from (inaudible) University. I am very encouraged by your government's commitment to the Asia Pacific region. However, I would like to hear from you as to how you believe the possible demise of Radio Australia may be interpreted in this region and I certainly hope that it doesn't happen. Thank you.

Prime Minister:

Well, that is a decision that will be taken ultimately will be taken in a sense in the context of our Budget preparations but the option of phasing down Radio Australia is an option that emerged initially from within the ABC as a method of achieving the expenditure savings that had been fixed by the Expenditure Review Committee of our Cabinet. We did, in Australia the new Government did inherit a underlying deficit of \$10 billion and with one or two exceptions every sector has had to make a contribution and the ultimate decision is really a question of priorities not entirely or certainly not alone within the government but also within the ABC itself and I understand the importance attached to Radio Australia by some parts of the Asia Pacific region. I also recognise that in other parts the type of service offered by Radio Australia has been to a significant degree replaced by different technology and different delivery systems. Now I know that doesn't apply to some of the remoter areas of China and I know it doesn't apply in some of the other remoter areas of the region but certainly the advances that have occurred in recent years have dramatically altered the relative significance of Radio Australia. So that is the background and we will be taking a decision in discussion with the Australian Broadcasting Corporation but you must understand that the initial impetus for it was as an option developed within the ABC as a method of achieving the savings.

Question:

Mr Prime Minister Glenn (inaudible) Shanghai (inaudible) Automotive Suspension Components. The way you operate in this part of the world or anywhere else joint ventures depends largely on the strength of our holding companies back in Australia. We in the automotive industry here in Shanghai are particularly interested in the direction of the automotive industry and the future of it in Australia. Would you care to comment on where you see that going and the future of that industry please.

Prime Minister:

Yes, I would be very happy to. We have a Productivity Commission final report due in about two months time and the government will then, I expect quite quickly take a decision in response to that report. And there is a debate about whether and at what rate there should be further tariff reform in Australia. I've said a number of things which have put down some principles about how we would approach it. We'll endeavour to take a decision which is in the overall interests of the Australian community and the Australian economy. We will also be very mindful of the importance of preserving a strong motor manufacturing capacity in Australia. I have said on a number of occasions in the past and I am very happy to repeat it here, I can't envisage Australia without an effective and strong motor manufacturing capacity. Now you are aware and all the Australians in the room and I'm sure all of the Chinese people in the room are equally aware that the debate about tariff reform and change and the contribution it makes to employment is an old debate and it's an ongoing debate. There is little doubt in my mind that Australia has enormous benefits to reap from greater trade liberalisation. It's always hard to sell in a political sense the broader benefits of trade liberalisation because what you're really talking about is the movement of capital into areas which it is not previously been invested and it is a lot harder to benchmark, to measure and to say well, as a result of this decision we've created 500 jobs. It is always a little easy to say if there is an industry protection change made or a tariff change made. As a result of that a certain number of jobs have been lost but I think it is important to remember, particularly in the context of the Asia Pacific region that trade liberalisation underpins APEC.

Without trade liberalisation and the common commitment of the member states of APEC to trade liberalisation, we won't achieve those goals and we won't get the jobs that new investment in industries, new industries will provide to the populations of those countries. These decisions are never easy and you can never reduce arguments about industry protection to simplicities but we'll endeavour to take a decision that fits those broad criteria and I want to see a motor manufacturing capacity in Australia. I think the quality of the Australian motor industry has improved enormously over the last 20 years. It really has and it's achieved things, particularly in the export area that a lot of people didn't think possible. Some of that achievement has been the result of competitive pressures of industry policy and we've got to bear that in mind so it's really a question of marrying all of those considerations up but I can assure you that we're not going to a sort

of a slash a burn approach to tariff policy. certainly not. On the other hand I don't think it's something that can be reduced to simplicities and if the ultimate goal is a more, a greater degree of liberalisation, particularly in the context of APEC than obviously you have to keep that goal firmly in front of you.