



18 August 1997

**TRANSCRIPT OF THE PRIME MINISTER
THE HON. JOHN HOWARD MP
ADDRESS AT THE LAUNCH OF TOYOTA'S NEW V-6
AUTOMOBILE EXPORT, MELBOURNE**

E & OE.....

Mr Okuda, Mr Conomos, Mr Komori, my colleague, John Moore, the Minister for Industry, ladies and gentlemen. I would like first of all to thank the Toyota company for the announcements that have been made this morning but more importantly, for the commitment to the future of motor manufacturing in Australia which they represent.

Today's announcements are extremely good news for investment and jobs in Australia and locally here for the Victorian economy, particularly good news as well. This announcement is a vindication of the decision taken by my Government two months ago in relation to long-term policy for the motor manufacturing industry in Australia. We took a decision in June to maintain our commitment to the APEC goal of free trade by the year 2010 but we also recognise that in the interim, a greater degree of predictability and certainty and stability were needed and that was the foundation of the decision that was taken to hold tariff levels after the year 2000 without alteration until the year 2005 and other particular decisions which accompanied that core announcement.

We believed then that it would give to the industry predictability. We believed then that it would attract investment. We believed then that it would stabilise the employment market and create new jobs and this morning the Toyota announcement has demonstrated the wisdom of that policy and the Toyota announcement responds to that policy in a very positive fashion.

I acknowledge the contribution that Toyota as a corporate citizen has made to Australia over a long period of time. Your company, Mr Okuda, has been a very fine corporate citizen in Australia. It has employed over the years thousands of Australians. It has invested large amounts of money in the future of this country. I am particularly excited with the expansion of the export component of your activity here in Australia and I am also of course delighted that you have foreshadowed the manufacture in

Australia of an entirely new vehicle which you anticipate will come onto the market in the year 2000.

At a time when it is incumbent upon Australia to be in the world competitive race, when it is incumbent upon Australia to present the economic and industry policy conditions which attract investment into Australia, the announcement that you have made this morning is of course very welcome news. It's also an opportunity for me as Prime Minister of Australia in a bilateral sense to reaffirm the tremendous importance of the economic association between Australia and Japan.

You reminded us that this is the 60th year of the foundation of the Toyota Company. It is also of course the 40th anniversary of the signing of the Australia-Japan Commerce Agreement in 1957, which represented the first and probably the most important foundation stone of the economic relationship between Australia and the Asia Pacific region and out of that arrangement made in, that agreement signed in 1957, has grown Australia's most important bilateral economic relationship. It is a relationship that has delivered enormous benefits to Australia and I know it is a relationship which is very highly valued by the Prime Minister of Japan, Mr Hashimoto, with whom I have had very regular discussions and constant communication since each of us assumed our respective positions but it is a relationship that like all good relationships ought to be kept in fine repair and individual examples of how important it is, such as your announcement this morning, are always welcome.

And I therefore say that this morning, Mr Okuda, it is a very good day for Australian industry. It's a very good day for the industrial future of Australia. It's a reminder of the fundamental importance of long-term, predictable investment in Australian industry and it sends a very powerful, positive and optimistic signal because today's announcement represents large-scale, long-term, fresh investment in Australian manufacturing industry. It has already represented the creation of 400 additional jobs and it also holds the prospect over the years ahead of the creation of hundreds of more additional Australian jobs and it's therefore a very positive and a very welcome announcement.

I thank you for being here. I hope you enjoy Australian hospitality, Mr Okuda, over the remaining days of your visit.

Thank you.

QUESTIONS AND ANSWERS

JOURNALIST:

Could I ask the Prime Minister, Prime Minister did you know about Toyota's plans before the car tariff decision was made and if so, how much that influenced the Government's decision?

PRIME MINISTER:

We were told both publicly and privately that the decision that we were going to take would have an influence in general terms on the long-term investment plans of all of the companies and I don't, myself, recollect getting down to the specific detail of saying: well if this particular decision is taken we will have "X" or "Y" number of jobs or "A" or "B" hundreds of millions of dollars of investment. But quite plainly, as I said in my remarks, the global environment in which we now exist, where there is a large amount of footloose, multinational investment, is heavily influenced by the individual investment climate and industry policy stability in individual countries and it was a factor that was taken on board and borne in mind.

I mean, we were generally aware that if we provided the sort of stability that we have provided then it would be more likely, much more likely that we would have the sort of long-term investment that has been announced this morning but my recollection is not that we actually got down to the specifics of it. I mean, that is not my recollection.

JOURNALIST:

Mr Howard, the car market has been relatively stagnant for some years now. Will the restructuring of the tax system that you've now put in train be an opportunity to reverse that situation?

PRIME MINISTER:

I think if we end up, which I am determined we will, with a new and better taxation system, that will be extraordinarily good news for industry generally because if we have a more efficient, indirect tax system that will remove some of the manifest distortions that exist within the existing taxation system.

You mention that the market has been stagnant. Well as far as volume is concerned, the indications are that this year will be a lot better than some of the years that have preceded it and there are some real prospects that it could end up being the second-best year on record from what I have been told in terms of overall sales volume.

JOURNALIST:

Do you envisage any significant retail benefit from your taxation plans for the motor industry?

PRIME MINISTER:

I am not going to at this stage get into specific commitments about particular industries. That invites me to, I guess, imply certain outcomes of the review. I am just not going to do that at this stage. We are aiming to have a better taxation system. We are obviously, as I announced last week, looking at replacing some or all of the existing indirect taxes with a broad-based, indirect tax as part of the overall overhaul. There are other components to it but I am not going to at this stage start saying: it's going to have a particular benefit here or a particular benefit over there.

We think if you have a more efficient, a more uniform, indirect taxation system you produce very significant benefits right across industry and that could involve retail benefits. It depends upon the character of those individual decisions.

JOURNALIST:

Mr Howard, I was wondering whether you expected similar investment from the other car makers in Australia?

PRIME MINISTER:

I expect a broadly positive response from the industry given the balance and far sightedness of the decision we took in June.

[ends]