



Australia Day

26 January 1996



The Daily Star

Special Supplement

Friday, January 26, 1996 Planning and Design : Creation

Australia positions itself as a global trader

by Jim Paune and Fiona Skivington

Australia enters 1996 as a nation with a growing "export culture" - the term used by the Minister for Trade, Senator Bob McMullan, to describe a process under way not only on the boardrooms of the country's bigger companies but also around the meeting tables of its small to medium sized enterprises.

The Minister describes the phenomenon as a wider and deeper understanding of trade issues in government, business and the community. "Australia's future prosperity and security depends on our success as a trading and investing nation," he said in launching *Winning Markets*, a landmark statement of Australia's trade policy framework, in mid 1995.

Entrenching an export culture in the community is part of a pervasive and deep process of change in Australia's overall business and workplace culture which has been gaining momentum over several years. And the prime Minister, Mr Paul Keating, believes that far from being tired of change, Australians are showing evidence of their willingness to embrace it.

"The last decade bears witness to that," he told Australia's third National Trade and Investment Outlook Conference (NTIOC) in Melbourne in December. Australians, he said, had "made Australia a much more competitive country - 40 per cent more competitive than a decade ago. They have seen exports rise by one third in the last five years. They have seen elaborately transformed manufacture (ETM) exports grow by 17.5 per cent per annum over the last decade, so that they now make up almost 23 per cent of our total merchandise exports."

The Prime Minister said growth in Australia's services exports - 10 per cent per annum since 1988-89 with the likelihood on current trends of a not surplus this year - was further reason for optimism. Senator McMullan reminded the international audience at NTIOC that Australia was currently one of the fastest growing economies in the OECD. With rising productivity levels through microeconomic reform and one of the lowest inflation rates in the region.

"Australia is transforming itself into a highly competitive trader and investment

destination," he said. "Over the past 10 years we have lifted exports as a percentage of GDP to over 20 per cent, from just 14 per cent. And we have achieved a dramatic shift in the composition of our exports towards high value-added manufactures and services." He said inwards investment to Australia was growing at a rate close on seven per cent each year, and much of that stemmed from Australia's attractiveness as a regional base of operations.

"Over the past two years nearly 80 major multinational organisations have chosen Australia for their regional headquarters, or for major regional functions," he said.

The Minister quoted just a few examples of Australian exporters making waves, not least with one particular high profile export, Australian-built high speed ferries which cross the English Channel.

"In aviation, Hong Kong's new Chek Lap Kok airport will have a weather radar system made by an Australian company," he said. "In railways, an Australian company is involved in a major design and installation contract for railway signalling in Indonesia."

"In urban development, the master planning of the \$A2 billion Yokosuka Islands Marina City in Tokyo Bay is being undertaken by an Australian company." Senator McMullan says Australians have developed special expertise in delivering effective infrastructure solutions which meet the challenges of climate, distance, remoteness, topography and demography. "That expertise is now being used on hundreds of international projects in the Asia Pacific region, the Americas, the Middle East and elsewhere in the world," he said.

The process of change is affecting the lineup of major markets for Australian goods and services. At NTIOC the Prime Minister predicted that by as early as 1996, exports to Indonesia and Malaysia would each exceed exports to the United Kingdom, and all Australia's top 10 markets would be in the Asia Pacific. "If all these developments give us cause for confidence, so does APEC (the Asia Pacific Economic Cooperation forum)," he said. "In fact few

developments in our recent history are such a cause for confidence and optimism as APEC."

Mr Keating said the recent APEC meeting in Osaka, Japan had been an outstanding success.

"Australia's real income is expected to rise by \$40 million, and growth of this order can be expected to generate around half a million new jobs," he said.

Australia has been active in APEC from its beginnings. The process started with an Australian initiative in 1989, followed by the first APEC ministerial meeting in Canberra, Australia's capital, later that year.

Australia and the other member countries of APEC are hard at work on the next important stage of promoting open trade and practical economic cooperation in the Asia Pacific region. APEC leaders will meet in Subic Bay in the Philippines in 1996 to consider individual action plans to achieve free trade within the region.

The 18 APEC member countries - Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand and the United States - represent all the major economies in the fastest growing economic region in the world. They account for more than half the world's production. By 2020 it is estimated that seven of the world's 10 largest economies will be in APEC.

At the 1994 leaders' meeting in Bogor, Indonesia, APEC leaders committed themselves to achieving free and open trade and investment in the Asia Pacific no later than 2010 for developed countries and 2020 for developing countries. They reinforced their commitment at the leaders' meeting in Osaka in November 1995, when they agreed the each APEC economy would develop by the time of the 1996 meeting its own action plan towards achieving free trade.

The APEC region is Australia's most important and fastest growing regional market, accounting for 73 per cent of Australia's total merchandise trade compared with 67 per cent in 1984-85.

MESSAGE

Australia's links with the South Asian Region, which is an area of high priority for us, continued to diversify and acquire greater substance during the past year.

Since the "Look West" strategy was announced by the Australian Government in March 1994, there has been considerable activity on Indian Ocean issues. Indian Ocean Cooperation involved extensive consultations with regional countries, particularly India, South Africa and Mauritius, and visits to the region by Australian Ministers especially before the launch of the International Forum on the Indian Ocean (IFIOR), held in Perth in June 1995. IFIOR produced broad support for regional cooperation and a range of ideas to take it forward. In a parallel development, two region-wide networks, covering business and academic communities, were established and met in New Delhi in December 1995. Australia will continue to work with the Bangladesh Government, its business groups and academic institutions as the concept of the Indian Ocean Region is developed further.

Australia begins 1996 as a nation with a growing export culture. Australia is changing dramatically in the way it sees the rest of the world. It has one of the fastest growing economies in the western world, with rising productivity levels through microeconomic reform and it has one of the lowest inflation rates in the Asia-Pacific Region.

As we move closer to the 21st century, the pace of modernisation in Australia is quickening. Inwards investment to Australia is growing at the rate of seven per cent annually, and much of this growth is because Australia is attractive as a regional base of operations. Over the past two years, nearly 80 major multinational organisations have chosen Australia for their regional Headquarters, or for major regional functions, including American Express, Coca-Cola, IBM and the Campbell Soup Company.

The process of change is affecting the order of major Australian overseas markets. Exports this year to Indonesia and Malaysia will each exceed exports to the United Kingdom, and all of Australia's top ten markets will be in the Asia Pacific Region.

The Asia Pacific Economic Cooperation Forum (APEC) represents the commitment by regional leaders that the industrial economies of the Asia-Pacific region will achieve free and open trade and investment no later than the year 2010, and the developing economies will achieve this aim by 2020. This agreement will change fundamentally the way the countries of the Asia-Pacific Region work together and the climate for business in the region. While APEC provides a tremendous framework for growth in the region, the Australian Government and Australian business will continue to develop bilateral trade and

The ASEAN share of total exports has risen from seven to 15 per cent, and the North Asia (excluding Japan) share has increased from 13 to 21 per cent.

The total value of merchandise trade has more than doubled in the same period. This reflects the region's high economic growth, the increased commitment of



commerce links with individual countries.

While Australia's policy focus has been on the Asia-Pacific and APEC, this does not mean that other markets and other international relationships are being ignored. But Australia and the other 17 APEC countries - Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, the Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Chinese Taipei, Thailand and the United States - represent all the major economies in the fastest growing economic region in the world. By 2020 it is estimated that seven of the world's 10 largest economies will be in APEC.

For a middle-sized trading nation like Australia, the multilateral system is crucial in providing protection against the harmful excesses of unilateral, bilateral and regional protectionist pressures. This involves a high level of consistent participation in the multilateral trading system and particularly in the establishment and monitoring of multilateral trade rules.

Our Prime Minister, Mr. Paul Keating, made clear in his Singapore Lecture, delivered in Singapore on 17 January, regional organisations will play an important part in dealing with international challenges and setting the global agenda in the post-cold war world. It is in this context that Australia sees itself as both a significant actor and an important intellectual contributor.

A real change has been taking place in Australia's business culture. There is a growing interest among Australian companies in "going off-shore". Already, around one in eight Australian manufacturers is involved in exporting. These exporters are showing the rest of Australia business that, irrespective of size, manufacturing exporters generally outperform their non-exporting counterparts.

In addition to the fundamental change in the way Australia looks at the world in trade matters, there is a realisation of the emergence of a rich, diverse culture in Australia which we are keen to show off. We are now, more than ever before, promoting our arts and artists throughout the world. We have found that there is an

Australian culture, and it is worthwhile. One Australian in five was born overseas, and 40 per cent of the population has at least one parent who was not born in Australia. Australians are proud about our cultural achievements and we are promoting them to the world; the Aboriginal civilisation, ballet, music, painting, films are all showing Australian talent, and the distinct Australian culture. In October 1994, the Prime Minister launched "Creative Nation", a statement of new cultural directions for Australia for which the Government has committed \$A252 million in new funding for the arts and cultural activities.

Commercial and trade relations between Australia and Bangladesh have continued to develop well during the past year. Trade between our two nations is growing, although slowly. There is greater interest by Australian business people in opportunities that are becoming available in the Bangladesh marketplace.

Australia's relationship with Bangladesh remains largely centred on development assistance. The Bangladesh aid program is Australia's second largest development cooperation program in South Asia. In 1994/95, Australian assistance totalled \$24.2 million and this is expected to reach nearly \$40 million in 1995/96.

The major areas of focus for this development assistance are development food aid programs and assistance to increase domestic food production; human resource development including basic education activities which address child welfare; and tertiary scholarships programs; health and population; development of physical infrastructure in selected areas where Australia has internationally competitive technologies and expertise; and support for Non-Government Organisation (NGO) programs. The Bangladesh Government and its people can count on Australia to continue to help in the development of this country.

The Australian High Commission staff join with our many friends in Bangladesh in celebrating Australia Day 1996.

KENNETH W ASPINALL
AUSTRALIAN
HIGH COMMISSIONER
IN BANGLADESH



Prime Minister Paul Keating

Innovation makes Australia more competitive

by Lyn Drummond

Australia's more open economy has fostered innovation to a point that the nation is now 40 per cent more competitive than it was a decade ago.

For example Australia's information technologies market is forecast to grow to \$A14.6 billion by 1997, exports have risen by one-third in the last five years and the nation has more engineers and scientists per head than any country in the Asia-Pacific region except Japan.

But as Australia's Prime Minister, Mr Paul Keating, told an international trade and investment conference in Melbourne on 6 December 1995 imperatives of innovation go beyond the economic: the hallmark of a sophisticated and just society was the richness of its information. Australia has the ingredients of such a society in its quality of education, investment in world-class science and research and its cultural diversity.

Announcing a range of measures to encourage innovation Mr Keating said Government incentives such as the 150 per cent tax concession for research and development would be fine-tuned to further integrate Australian information firms into world production, service and marketing networks.

The \$40 million a year competitive grants scheme for industry research and development would be renewed and five new Cooperative Research Centres in advanced

engineering, sports science and medicine, intelligent transport systems, textile technology and building and construction would be established - bringing the national total to 67.

Other incentives include a \$17 million package over four years to expand international science and technology. The Australian Manufacturing Council already has affiliated to a Swiss-based research project that is exploring the future of the manufacturing industry in the next century.

Australians have proved their ingenuity, from early inventions such as the black box flight recorder for commercial aircraft to high tech equipment produced by Australian company Compumedics for the 1998 NASA space shuttle program and to research into the effects of microgravity on sleep respiration.

In a world first, Australian researchers have devised a cheap and easy way of storing the power of the sun to make clean solar energy more viable for homes and industry. The breakthrough, by researchers at the Australian National University (ANU) means that pollution-free solar power can be generated around the clock like the electricity produced from polluting coal, oil or gas in a process which turns hydrogen and nitrogen into ammonia.

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