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ASIA AND PACIFIC

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President

Washington, D.C. 20506

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TO:	NAME:	Co./AGENCY:	PHONE #:	FAX #:
	<u>Carol Aarhus</u>	<u>White House</u>	<u>x7750</u>	<u>x 6218</u>

FROM:	☐ Sandra Kristoff, AUSTR	(202) 395-3430
	☐ Nancy Adams, DAUSTR	(202) 395-4755
	☒ Laura Kneale Anderson, South Asia and Pacific	(202) 395-6813
	☐ Peter Collins, South East Asia and India	(202) 395-6813
	☐ Terence Mulligan, Special Assistant, Asia and Pacific	(202) 395-6813
	☐ Tommie Johnson	(202) 395-3430
	☐ Diane Parker	(202) 395-6813

FAX #: (202) 395-3512

CONTACT: If There are any problems please call: (202) 395-3430, 4755, 6813

SUBJECT: Info on Australia

AUSTRALIA

ECONOMIC BACKGROUND

Although, in area, Australia is the size of the contiguous United States, its markets and production capability are limited by a small domestic population of 17 million people. While Australia's agricultural and minerals sectors are export-oriented, its manufacturing and services sectors are focused on the domestic market.

Because of its small domestic market, Australia has long protected its manufacturing sector through tariffs and other measures. Since 1983, however, the Labor Government under Prime Minister Bob Hawke has adopted policies to foster greater openness and competitiveness in the economy. These policies have resulted in the elimination of import quotas in all but three sectors (textiles, clothing and footwear) and reductions in domestic subsidies and tariffs.

The Australian economy is currently in a recession. In the fiscal year ending in June 1991, real GDP declined by 2.4 percent. Manufacturing output is stagnant, while unemployment has been rapidly increasing. In June 1991, the unemployment rate stood at 9.4 percent.

Currently, around 67 percent of Australia's exports are agricultural and mineral products. Because of the high volatility of international commodity prices, Australia's terms of trade vary greatly. In the past two years, its terms of trade have declined significantly as the weakening global economic situation has resulted in marked declines in non-fuel prices.

In the fiscal year ending June 1991, Australia experienced a small global trade surplus of \$2.0 billion. This represented a significant improvement over the 1989/90 fiscal year, when Australia recorded a trade deficit of \$2.5 billion.

Australia's total exports in the 1990/91 fiscal year were \$40.3 billion, an increase of 8.3 percent over 1989/90. Japan is Australia's leading export market, followed by the United States. Australia's top four exports, in order of importance, are coal, wool, gold and wheat.

Australia's total imports in the 1990/91 fiscal year were \$38.3 billion, a decline of 3.5 percent from 1989/90. The United States, Japan and the EC each provide around 22 percent of Australia's total imports. Australia's major imports are motor vehicles, data processing equipment, aircraft, petroleum products and capital equipment.

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In 1990 the U.S. trade surplus with Australia was \$4.1 billion, \$347 million lower than in 1989. U.S. exports to Australia were \$8.5 billion in 1990, representing a 2.2 percent increase over 1989. Australia was the United States' eleventh largest export market in 1990. U.S. imports from Australia totaled \$4.4 billion in 1990, a 13.7 percent increase over 1989.

MAJOR TRADE ISSUES

Broadcasting restrictions

Television programming: On January 1, 1990, the Australian Broadcasting Tribunal (ABT) implemented new standards for Australian television programming which effectively establish local content requirements. These standards require that a certain portion of total television programming between 6:00 a.m. and midnight be of Australian origin. The programming quota is set at 40 percent for 1991, and is scheduled to rise to 50 percent by 1993. The U.S. film industry is concerned that its Australian sales will be adversely affected when the programming quota reaches 50 percent.

Television commercials: Under program standards that took effect in 1986, the ABT requires that all television advertisements have a minimum of 80 percent Australian content. In addition, the ABT prohibits broadcasting of foreign-produced animated commercials. The ABT's restrictions have had demonstrable commercial effects on U.S. interests.

The ABT will revise these regulations effective January 1, 1992, to require that 80 percent of all commercials be of Australian origin. In other words, the new regulations will establish a 20 percent quota for foreign-produced commercials. This quota will also apply to foreign-produced animated commercials.

As a result of these restrictions, we placed Australia on the Special 301 priority watch list in April 1991. We are currently pressing Australia to include commitments to liberalize these restrictions in its services offer in the Uruguay Round.

Copyright issues

Exclusive rental rights for sound recordings: The current Australian copyright law fails to provide any rights to record producers or composers to control the commercial rental of sound recordings. In July 1990, the Australian record industry proposed that the law be amended to provide such a right. In July of this year, Australian Attorney-General Michael Duffy announced that he was rejecting this proposal.

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The U.S. recording industry reports that video shops in Australia have begun to expand their rental business to include compact discs, and that CD-only rental shops are also emerging. The industry is concerned that the Attorney-General's announcement will lead to a dramatic increase in the number of such rental shops, threatening \$150-200 million in annual U.S. sales of sound recordings in Australia. We are seeking a provision to protect rental rights in the Uruguay Round TRIPS negotiations.

Parallel imports: The Australian Parliament is considering a bill to amend Australia's Copyright Act to permit parallel imports of foreign books. The U.S. publishing industry is seeking an exemption from this bill for textbooks. Most U.S. books are distributed in Australia through British publishing houses. College textbooks, on the other hand, are generally shipped directly from U.S. publishers in response to requests from instructors who have committed to use them in their courses. U.S. publishers are concerned that allowing parallel imports of textbooks into Australia will open the market to low-quality editions of textbooks that they sell at concessionary prices to developing countries. The industry estimates current U.S. exports of textbooks to Australia at around \$20 million annually.

Procurement

Australia is not a signatory to the Government Procurement Code. We included Australia in our Title VII report to Congress last year, citing Australian offset requirements on certain civilian procurements in the form of local content or joint venture commitments. Partially as a result of Australia's inclusion in the Title VII report, Australia held consultations with us in the fall of 1990 as part of an information-gathering exercise on the possible benefits of Code membership.

This past spring, Australia took some steps to trim back offset requirements at the federal level. Nevertheless, Australian officials have indicated that they intend to postpone a decision on whether to join the Code pending the outcome of the current Code negotiations, as they believe that membership in the current Code would offer few benefits to Australian firms.

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U.S. agricultural policies

The U.S. EEP program remains a politically contentious issue in Australia. In an effort to defuse domestic tensions over EEP, an Australian delegation met with a team from USDA in August in order to present Australia's perspective on the current world market situation for wheat and seek greater sensitivity to Australia's trade interests. Australian officials have expressed interest in holding followup talks in Canberra in early 1992.

Australian officials have been somewhat sensitive to our arguments that the EC holds the primary responsibility for the current agricultural subsidy war, and have made public statements condemning EC export subsidies. In addition, an Australian delegation met with EC agricultural officials early this fall to highlight the effects on Australian exports of subsidized EC wheat sales. Nevertheless, the EEP program remains a volatile political issue in Australia.

1991 National Trade Estimate Report on

FOREIGN TRADE BARRIERS

Office of the United States Trade Representative



AUSTRALIA

In 1990 the U.S. trade surplus with Australia was \$4.1 billion, \$347 million lower than in 1989. U.S. merchandise exports to Australia were \$8.5 billion, rising \$188 million or 2.2 percent compared to 1989. Australia was the United States' 11th largest export market in 1990. U.S. imports from Australia totaled \$4.4 billion in 1990 or 13.7 percent higher than in 1989.

The stock of U.S. foreign direct investment in Australia was \$14.5 billion in 1989, \$1.2 billion higher than in 1988. U.S. direct investment in Australia is largely concentrated in petroleum and manufacturing industries, and in particular chemicals.

1. IMPORT POLICIES

Tariffs

On a trade-weighted basis, Australian duties on manufactured goods average slightly less than 8 percent. This is higher than the average tariff levels for other industrialized countries (e.g., less than five percent for the United States and the European Community).

Australia's tariff profile is characterized by significant "peaks" protecting sensitive domestic industries. In addition, only a relatively small percentage of Australia's tariff rates are GATT-bound--approximately 25 percent compared to 99 percent for the United States.

Product sectors of particular U.S. export interest which high tariff rates protect include: apparel (up to 55 percent), carpets and other textiles (up to 35 percent), torque wrenches (21 percent), vinyl-coated fiberglass (15 percent), aluminum screening (18 percent), and printed commercial material including decals, telephone directories, calendars, and postcards (15 percent).

Other products subject to higher tariffs are wood and upholstered furniture (24 percent), plywood (19 percent), paper products (5 to 10 percent), forged aluminum vehicle wheels (23 percent), leather goods (15 percent), stencil marking ink (15 percent), pacemakers (15 percent), aluminum mill products (up to 13 percent), wine (11 to 13 percent), almonds (10 percent), and chocolate (17 percent).

Australia uses tariff quotas to protect domestic textile, apparel, and footwear manufacturers.

On May 25, 1988 Australia announced a comprehensive program of economic reforms. The program includes reductions in assistance for agricultural and manufacturing industries. The chief changes are abolition of tariff quotas and accelerated tariff rate reductions. Undertaken unilaterally, these changes indicate:

Australia

- Tariffs greater than 15 percent on July 1, 1988 will be reduced in five stages to 15 percent by July 1, 1992; and
- Tariffs greater than 10 percent, but at or below 15 percent, will be phased down to 10 percent by July 1, 1992.

Tariff levels for automobiles, textiles, apparel, and footwear will remain above the 15 percent general maximum tariff level. The tariff rate on automobiles, which is currently 37.5 percent, will be reduced to 35 percent on January 1, 1992. The Australian government is currently reviewing assistance arrangements for automobiles after 1992. Similarly, tariffs on light commercial and four-wheel drive vehicles were reduced from 35 percent and 25 percent respectively to an 18 percent rate. They will be phased down to 15 percent by 1992.

Under the Manufacturers' Content Program for Automobiles, automobile manufacturers are assessed a 37.5 percent duty on imported components exceeding 15 percent of automobile content by value. Automobile exporters may, however, earn up to 15 percent local-content credit, plus an additional five percent (valued at 50 cents on the dollar) for exports of automobiles.

Tariff rates applying to the base quota for apparel and footwear are also being reduced. The tariffs on these products will be reduced five percentage points in cases where they were higher than 35 percent on March 1, 1989.

Australia estimates these tariff reductions are equivalent to a 30 percent cut in average protection levels for manufacturing industries.

These Australian measures will improve access for U.S. exports. Nevertheless, Australia's average tariff level will remain above comparable levels for other industrialized countries and continue to be largely unbound. The average tariff level (including agriculture) is projected to fall to a trade weighted average of approximately 5.5 percent by 1992. However, high tariffs in some product areas will continue to impede the export growth of some U.S.-made items.

The United States intends to pursue further reductions in tariff levels and a substantial increase in the number of tariff bindings within the context of the Uruguay Round negotiations on market access.

Customs Valuation

On July 1, 1989 Australia amended its Customs and Excise Legislation Law (CELA). The United States believes that the CELA is inconsistent with the GATT Agreement on Customs Valuation in its treatment of royalties and buying commissions. The treatment of royalties and buying commissions under the CELA could lead to certain impermissible additions being made to the dutiable value of merchandise.

Australia

The CELA also amends the treatment of the dutiability of inland freight charges by increasing the amount of inland freight charges that can be included in the dutiable value. While not inconsistent with the GATT Agreement on Customs Valuation, the amended Australian law may impair or nullify tariff concessions on products that are exported on an ex-factory basis. In accordance with its offer to consider requests to review valuation arrangements that significantly raise protective levels, Australia agreed on October 11, 1989 to lower the duty on soda ash to offset the increase in the dutiable value.

The value of U.S. trade loss due to this practice is unknown.

2. STANDARDS, TESTING, LABELING, AND CERTIFICATION

A nonsignatory to the GATT Standards Code, Australia maintains restrictive standards requirements and design rules for automobile parts, electronic equipment, medical equipment, and machinery parts and equipment. Imported products must also comply with individual state packaging regulations. Livestock imports, with the exception of horses, are limited under quarantine regulations to breeding animals and reproductive material. Restrictive plant health regulations prohibit or limit the entry of many fruits, including U.S. grapes, apples, pears, cherries, and avocados.

The United States will continue to encourage Australia to accede to the GATT Standards Code as an initial step toward alleviating these problems.

3. GOVERNMENT PROCUREMENT

Australia has not signed the GATT Government Procurement Code. However, Australia is reviewing its position and has conducted international discussions on this issue. Australia held procurement talks with the United States in October 1990.

Australia requires producers of equipment sold to Telecom Australia to meet local content, production, and export requirements under temporary industry development arrangements (IDA) and/or offset requirements. The IDA expires June 30, 1993.

Offsets

Australia implemented an offsets policy which imposes a 30 percent offset requirement on the cumulated imported value of products for most government contracts awarded any one firm exceeding A\$2.5 million in any one year, whenever the imported content of the purchased products exceeds 30 percent.

This policy has been devised to gain Australian access to export markets and encourage development of export-oriented, internationally competitive industries that provide technology transfer, training, research and product development, and overseas marketing assistance. Exceptions to this requirement are granted in return for a seven-year government-approved

Australia

arrangement, in which the foreign exporter agrees to work with, or invest in, research and development or an export-oriented industry with an Australian firm.

Sectors affected by the offsets policy include defense equipment, civil information technology, communications, motor vehicles, heavy industrial equipment, medical and scientific equipment and, indirectly, pharmaceuticals. The offsets policy also applies to most statutory civil authorities including Telecom Australia, Overseas Telecommunications Commission, Australian and Ansett airlines, Qantas, and Aussat. It is expected that privatization in the telecommunications and aviation sectors will lead to changes in this policy for those sectors.

State Preferences

Most Australian states maintain 20 percent preferences for their procurements, which place foreign suppliers at a competitive disadvantage. Victoria abolished its preference margin on November 1, 1990.

The United States will seek liberalization of Australia's offset procurement policies within the context of Uruguay Round negotiations. As a step in this direction, the United States will continue to urge Australia to join and adhere to the GATT Government Procurement Code.

4. EXPORT SUBSIDIES

Export Incentives

Australia maintains several programs intended to enhance Australian exports. These include:

Export Market Development Grants Scheme (EMDG): This program aims to encourage Australian exporters to seek out and develop overseas markets for goods, services, industrial property rights, and technology substantially of Australian origin. Grants are available as reimbursements to Australian residents who have incurred eligible expenditures while developing overseas markets for Australian products or services. Grants are determined on a maximum basis of 50 percent of eligible expenditures exceeding A\$15,000 up to a maximum reimbursement of A\$250,000 in any one grant year. Claimants with export earnings exceeding A\$25 million, or who have received eight previous grants, are not eligible. Grants received are taxable as income.

International Trade Enhancement Scheme (ITES): Support available under the ITES program is primarily directed toward the market establishment or sales expansion of specified goods and services in specified markets. Under the scheme participants may receive financial support up to a total of A\$750,000.

Support may be in the form of concessional loans or the direct provision of the Australian Trade Commission (AUSTRADE) services relating to product development, export management, establishing an overseas market presence, market research, and other AUSTRADE-approved

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activities. A total of A\$55 million has been committed to this program, which has been extended until mid-1994.

Australia has signed the GATT Subsidies Code and joined with the United States in GATT negotiations to limit export subsidy use.

5. INVESTMENT BARRIERS

Limits on Foreign Investment

All new foreign direct investments in the media, civil aviation, and urban real estate sectors are subject to Foreign Investment Review Board (FIRB) approval. In other sectors, new foreign direct investment worth more than A\$10 million is also subject to FIRB review, but is generally approved automatically unless judged contrary to the national interest.

Legislation passed in December 1990 reduced the aggregate foreign ownership that may be held in commercial radio and television stations from 49 percent to 20 percent in indirect interests. The restriction on direct interests remains at 20 percent. The legislation also stipulates that no more than 20 percent of the directors of a broadcasting licensee company may be foreign nationals. Direct and indirect ownership by individual foreign providers of broadcasting services may not exceed 15 percent under the new law.

In September 1990 the Australian Parliament authorized the Australian government to partially privatize its telecommunications and aviation sectors. Australian Satellite (Aussat), the government-owned telecommunications interest, will be sold to a foreign competitor, which will be allowed to compete with the government-owned Telecom/Overseas Telecommunications Commission in Australia's telecommunications sector. In the aviation sector, the sale of up to 100 percent of Australian Airlines and 49 percent of Qantas will be permitted.

In the mining sector, foreign direct investment exceeding A\$10 million must normally contain at least 50 percent Australian equity. Exceptions can be made if Australian capital is not available. New investment in uranium projects, whether by foreign or domestic interests, is prohibited.

In January 1988 new oil and gas development projects were exempted from the 50 percent equity and control guidelines. Projects worth more than A\$10 million are now approved unless judged contrary to the national interest.

Under Australia's Foreign Takeovers Act, acquisition of 15 percent or more of an Australian corporation requires FIRB approval. The FIRB reviews proposals to determine whether they accord with the national interest. However, in practice the government does not intervene if total business assets of the corporation involved are less than A\$5 million.

Australia

Local Content Requirements

Australia recently replaced its 85 percent local content requirement for passenger vehicles produced in Australia with a protective tariff system and tariff reductions on inputs conditioned on local content. However, Australia continues to maintain local content incentives for cigarette leaf produced in Australia. To qualify for a relatively low duty on imported tobacco, cigarette manufacturers have agreed to use at least 57 percent domestic leaf. This local content requirement is scheduled to be eliminated in 1995.

The United States will pursue liberalization of this requirement within the Uruguay Round negotiations on market access and trade-related investment measures.

6. SERVICES BARRIERS

Local Content Requirements for Broadcasting

Except for New Zealand productions, not more than 20 percent of an advertisement shown on Australian television can be produced by non-Australians. Advertising shot entirely outside Australia or New Zealand can be shown only if an Australian "ghost crew" is hired and kept, usually overseas, to meet Australian content requirements. Foreign-produced animated advertising is totally banned.

The Australian Broadcasting Tribunal (ABT), the independent statutory authority which determines television standards, has recently proposed replacing these restrictions with a requirement that 80 percent of all advertisements shown by each commercial television station be of Australian origin.

In January 1990 a regulation was adopted which phases in local content in prime time television broadcasting. By 1993, 50 percent of such broadcasts must be Australian as determined by a complicated point system which takes into account production control as well as program content.

Segments of the U.S. industry claim the ABT's local content requirements cost U.S. advertising firms an estimated \$72 million a year based on 15 percent of the total market. The U.S. motion picture industry believes that the eventual 50 percent local content requirement for programming will severely restrict their access to the Australian market.

The United States will pursue elimination of these restrictions in the Uruguay Round services negotiations. We have also held several rounds of bilateral consultations with Australia on this issue.

Australia

7. OTHER BARRIERS

Bounties

Bounties (production assistance) let domestic manufacturers maintain or increase their market share through price discounting. The use of bounties limits foreign competition at competitive market prices.

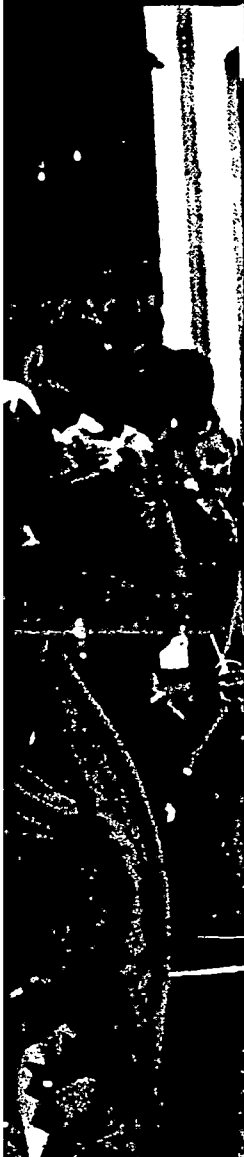
Bounties are now in place on the following products (scheduled expiration dates are indicated in parentheses): metal working machine tools and robots (June 30, 1991); coated photographic film (December 31, 1992); bed sheeting (February 28, 1993); books (December 31, 1993); shipbuilding, printed fabrics and textile yarns (June 30, 1995); and computers (December 31, 1995).

Bounty assistance increased from A\$224 million in 1988-89 to A\$291 million in 1989-90.

Discriminatory Sales Taxes

A discriminatory sales tax protects Australia's fruit juice industry from import competition. Noncarbonated drinks containing less than 25 percent Australian fruit juice are subject to a 20 percent sales tax. There is a 10 percent tax for such drinks with 25 percent or more local content. The discriminatory tax treatment of foreign and domestic juices is scheduled to expire on July 1, 1991.

U.S. industry claims Australia's discriminatory tax costs U.S. firms a significant amount of lost sales each year.

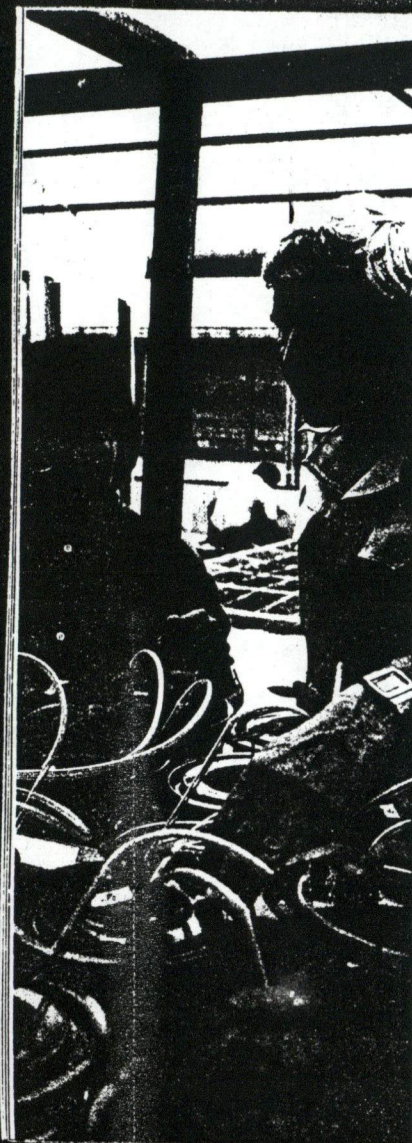


Australia in brief

This is the 39th edition of Australia in Brief. It provides a comprehensive selection of facts and figures on Australia in compact form. This booklet has been prepared by Overseas Information Branch, Department of Foreign Affairs and Trade. The help received from Australian Government departments, associated organisations and other authorities is gratefully acknowledged. Money values are in Australian currency. Weights and measures are metric. Unless otherwise indicated, information is current to 31 January 1991.

Cover: A cattle muster on Innamincka Station, a beef raising property in South Australia. Left: Australia's multicultural heritage is reflected in Australia Day celebrations.

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Australia gives more than \$1000 million in overseas aid annually.

International relations

Australia's international interests can be divided into three broad groups:

- geopolitical and strategic interests in defence of Australian sovereignty and political independence;
- economic cooperation and trade expansion; and
- activities involved in being a good international citizen.

Australia's diverse relationships with Britain, the United States and Western Europe, forged by history, remain important factors in Australian policy.

Relations with China, Japan, members of the Association of South-East Asian Nations, (ASEAN), New Zealand, Papua New Guinea and other South Pacific States are of particular significance to Australia. Similarly, in the Indian Ocean, Australia has important political, strategic and economic interests and observes and considers carefully the issues of the region.

Australia has been a consistent supporter of the United Nations

Charter and the work of the UN's specialised agencies. It participates actively in many UN activities and has served on many of its bodies, including the Security Council.

It has served for a number of terms on the Commission on Human Rights and resumed membership in 1991 for a further three-year period. It has provided money, personnel and equipment for major UN peacekeeping activities, contributes its assessed share of the costs of all UN operations and makes additional contributions. It is fully involved in UN social development, narcotics, disarmament, arms control and outerspace work. Australia accepts the jurisdiction of the International Court of Justice and is active in the development of international law.

Australia has worked energetically towards a global ban on chemical weapons and convened the Government Industry Conference against Chemical Weapons, attended by 66 countries, in Canberra in September 1989.

It has been a member of the Organisation for Economic Cooperation and Development (OECD) since 1971.

The Commonwealth of Nations brings together about a quarter of the world's population and Australia takes part in the

broad range of its activities.

Australia has developed strong relations with ASEAN—an organisation that has made an important contribution to economic growth and political stability in the Asia-Pacific region. Australia has a program of economic cooperation with ASEAN through which it supports important regional projects. It also contributes significantly toward easing the burden of Indo-Chinese refugees in member countries.

The relationship with Indonesia, Australia's largest neighbour, has developed greater depth and substance at both official and commercial levels. Contacts have been enhanced through establishment of the Australia-Indonesia Institute in 1989 and by the signature of the Timor Gap Treaty.

Australia has long involved itself in regional organisations such as the UN Economic and Social Commissions for Asia and the Pacific, the Colombo Plan and the Asian Development Bank.

Japan is Australia's largest trading partner and relations are based on complementary interests and shared perceptions of international issues. Cultural, scientific, sporting and other relations are fostered by both to improve mutual understanding.



Ministers and top level officials confer at the Australia-Japan conference in Canberra.

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China is a significant market for Australia and the relationship is underpinned by agreements and institutional arrangements (culture, science and technology, agriculture, civil aviation, education, and the Australia-China Council). A technical cooperation program, designed to help China's development, includes activities in education, energy, forestry, health and industrial technology.

Australia's relationship with the Republic of Korea has developed significantly in recent years. Korea has emerged as a major economic power in its region and has become one of Australia's most important trading partners.

Australia is building a broad range of contacts with Vietnam, in particular trade and investment links.

Australia has been at the forefront of international efforts to resolve the long-standing conflict in Cambodia. Australia's proposal for a comprehensive settlement based on an enhanced UN role has been accepted in principle by all parties.

In the Pacific region, Australia promotes stability, welfare and economic development through a range of practical development assistance programs.

Australia and Papua New Guinea have a special and close relationship. Since Papua New Guinea achieved independence in 1975, the relationship has encompassed a broad range of government and non-government activities.

Australia and New Zealand have entered a non-reciprocal

preferential trade agreement in favour of South Pacific Forum States—the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA).

Under the Australia New Zealand Closer Economic Relations Trade Agreement, trans-Tasman trade in goods and in most services became free on 1 July 1990.

There has been a long, close relationship with the United States. Government-to-government relations are only part of an interaction born of common experiences, culture and language. The ANZUS security treaty and major trade and investment flows give particular depth to the relationship.

The goodwill between Australia and Canada allows cooperation on a range of objectives without affecting individual national interests or commercial competition.

Relations with individual Western European countries are based on shared cultural and historical links and reinforced by the presence in Australia of large numbers of former citizens of those countries and by significant economic ties. The European Community (EC) is our biggest source of both imports and investment.

Australia has augmented its representation in Central Europe by opening new missions in Prague

and Berlin. Central Europe remains a key market for Australian exports.

The value Australia places on its long-standing relations with the Arab nations and Israel is high. It supports the efforts of parties to the Middle East dispute to find a just, lasting and peaceful solution. Australian trade with the region's countries is significant.

Australia maintains friendly relations with independent African States. It has formal relations with South Africa but has been prominent in opposing racist apartheid policies and actively encouraged the process of transition to independence in Namibia. Australian assistance to African countries includes project support, food aid and training. Australia always has moved quickly and effectively to bring relief aid to the victims of disasters in Africa.

Australia has friendly and useful relations with a number of countries in Latin America and the Caribbean, sharing many interests, particularly in multilateral organisations.

Nuclear policies in Australia are based on strong support of the Nuclear Non-Proliferation Treaty. Policy on the sale of its uranium includes a condition that it will not be used for military or explosive purposes and that buyers accept

International Atomic Energy Agency safeguards.

Australia participates in key international discussions on environmental issues and is in the forefront of nations implementing multilateral environmental initiatives.

The Department of Foreign Affairs and Trade conducts an overseas cultural exchange program in cooperation with the Australia Council and other cultural bodies. The Australia Abroad Council was established in 1990 to give greater drive and direction to projecting Australia overseas.

All of Australia's overseas aid (more than \$1000 million a year in recent years) is given in grant form. The aid program focuses on those areas in which Australia has particular expertise, including education, agriculture and infrastructure development.

Australia contributes to the education in Australia of about 18 000 students from developing countries, mostly at tertiary level. The Australian International Development Assistance Bureau (AIDAB) pays about \$80 million a year to subsidise this program. A new education policy based on merit and equity is providing more opportunities for students from poorer and isolated developing countries.



Soldiers rappelling down a cliff during training.

Defence

The Australian Defence Force (ADF) exists to implement Government defence policy.

The ADF comprises the Royal Australian Navy (RAN), the Army and the Royal Australian Air Force (RAAF). The ADF is commanded by the Chief of the Defence Force (CDF) who is supported by a tri-service headquarters in Canberra. CDF and the Secretary of the Department of Defence have joint responsibility for administration of the Defence Force.

The ADF is a total force made up of almost 70 000 permanent personnel and more than 28 000 reserve personnel. Of the permanent personnel, about 46 per cent are in the Army, 22 per cent are in the Navy and 32 per cent in the Air Force. Females make up almost 11 per cent of the permanent force and almost 16 per cent of the reserve force. Service personnel are supported by some 25 000 civilians in the Department of Defence who perform a range of tasks including personnel and financial administration, equipment acquisition, en-

gineering and development of strategic and international policy. About 60 per cent of the civilians work directly for the ADF. This means that the Defence organisation is one of Australia's largest employers offering hundreds of different careers and many different types of job training.

The Australian Defence Force Academy (ADFA) offers university courses in disciplines such as engineering and arts. Other officer training takes place at HMAS Creswell for Navy, the Royal Military College of Australia, Duntroon, for the Army and RAAF College Point Cook for the Air Force.

Extensive technical and apprenticeship training is also provided. Defence offers 600 to 800 vocational traineeships in over 25 skill categories each year.

Defence self-reliance

Our defence policy is based on self-reliance. This means that we give priority to the ability to defend ourselves independently with our own resources, within the framework of our alliance and regional associations.

The strength of defence self-reliance depends on making the most of this nation's financial, industrial, technological and human resources.

The Australian Government's 1989-90 Budget allocated \$8670 million to defence, representing 9.5 per cent of total Budget outlay and 2.3 per cent of gross domestic product.

Defence strategy

The development of the ADF towards the next century in line with defence self-reliance is based on the strategy of defence in depth which can be thought of as having three layers.

The first is intelligence and surveillance so that we can monitor our region closely and watch the ocean and airspace to our north for an enemy approach.

The second layer is strike and interdiction – the interception of hostile forces detected in our sea and air approaches.

The third is land and inshore defence, which requires a flexible, highly mobile army with air and naval support able to provide for the immediate protection of Australian interests against enemy incursion in our vast northern areas.

The success of defence self-reliance depends on a high standard of human skills and the right mix of technology.

Royal Australian Navy

The Royal Australian Navy (RAN)

possesses a wide range of capabilities that are needed at each level of defence in depth.

The fleet currently includes: three guided-missile destroyers (DDGs), four guided-missile frigates (FFGs) five destroyer escorts (DEs), six Oberon-class submarines, 15 Fremantle-class patrol boats and more than 20 other vessels, including minehunters, takers, oceanographic craft, utility ships and tugs.

The RAN is acquiring eight new Australian-built ANZAC frigates to replace the destroyer escorts. In addition, six new submarines, known as the Kockums Type 471, are being constructed in South Australia, to replace the Oberon submarines from the mid 1990s. They will be the most advanced conventional submarines in the world. Another two FFGs are being built in Australia and will come into service in the 1990s.

Other new equipment being built in Australia includes 16 new Seahawk multi-role helicopters which will be able to operate with the FFGs and the ANZAC frigates.

The Fleet's main base is in Sydney, but the new base at HMAS Stirling near Perth will allow the RAN to operate as a two-ocean navy — in the Indian Ocean as well as in the Pacific.

This will mean more efficient operations in northern and western coastal waters and on exercises in South East Asia.

The Army

Sufficient Black Hawk helicopters are being brought into service so the Army will have the ability to transport a company group of 150 troops over a radius of 160km in one operation. The Army also is getting new equipment such as the AUSTEYR rifle, 105mm Hamel field guns, bridging equipment and disruptive-pattern camouflage uniforms to allow for more effective operations. Other equipment used by the Army includes Leopard tanks and M113 armoured personnel carriers.

Reserve units recently have been incorporated more effectively into the Army, and they now have new roles in northern surveillance and the protection of facilities in emergencies.

It is planned to base some regular units permanently in the north. The 2nd Cavalry Regiment is scheduled to move to the Northern Territory in 1992.

Royal Australian Air Force

The Royal Australian Air Force (RAAF) operates modern fighter, bomber, surveillance, support, transport and trainer aircraft.

The RAAF's 20 P3C Orion aircraft and the Jindalee Over-the-Horizon-Radar (OTHR) form the basis of a surveillance system which will cover our vast northern approaches. Jindalee, now being developed in Australia, can detect aircraft and ships at great distances, giving early warning of their approach. The Orions can also detect, identify and, if necessary, attack submarines and surface ships, using torpedoes and Harpoon missiles. An Orion aircraft can remain flying for over 12 hours and sweep up to 647 000 square kilometres of ocean.

The RAAF's F-111C and F/A-18 Hornet are both strike aircraft, and the Hornets also form an interceptor fighter force against enemy aircraft. Both can fire the Harpoon anti-shiping missile. The RAAF operates the Boeing 707, the C130 Hercules and the Caribou as transport aircraft.

The RAAF VIP transport fleet has been re-equipped with Falcon 900 aircraft. Four of the Boeing 707s are being modified so that they can refuel aircraft in mid-air, which will extend greatly the range of aircraft such as the F/A-18.

The RAAF provides vital mobility for the Army in land operations. The Hercules is a versatile transport aircraft and can carry al-

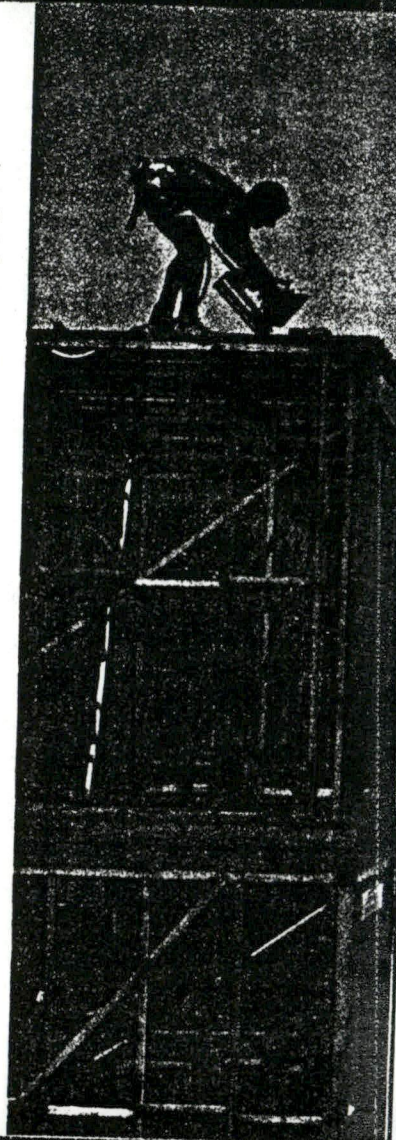
most 20 tonnes of stores and equipment. It can land on outback landing strips and can fly over 6000 km when fully loaded. The Caribou transports lighter loads over shorter distances. Both conduct paratroop operations.

The RAAF operates from bases near all mainland capital cities and a chain of additional bases being built across northern Australia.

Defence and industry

The ADF relies heavily on Australia industry for new equipment, spares, repairs, overhaul and modification. In turn, these activities contribute to the development of high technology in Australian industry with benefits for exports.

Most major new equipment projects, such as the new submarines and ANZAC ships, have local content of 70 per cent or more. Some, such as the Jindalee Over-The-Horizon-Radar, also exploit the world-leading inventions of Australian defence scientists.



Housing construction is a key element of economic activity.

The Economy

Australia's economy has undergone considerable diversification and expansion during the past 30 years.

Before World War II, Australia depended largely on primary production, but the demands of the war and a strong post-war immigration program spurred industrial and economic growth.

The manufacturing sector grew particularly rapidly after the war. In the past 20 years the main expansion has been in the tertiary sector. During this time, considerable investment has also taken place in export-oriented mining and energy projects.

Although reliance on rural production has diminished over the years, Australia is still an important producer and exporter of farm products. It leads the world in wool production and is a significant supplier of wheat, barley, coal, iron ore and sugar.

Rural industries account for about four per cent of production, mining contributes about seven per cent, manufacturing about 17 per cent and the tertiary sector the rest.

Activity

The Australian economy recovered strongly from the recession of the early 1980s but the external deficit increased after the downturn in international commodity prices in the mid-1980s.

In 1987-88 and 1988-89 there was a marked increase in Australia's terms of trade and private final demand rose strongly. Real GDP (adjusted for terms of trade) rose 6.2 per cent and 6.4 per cent respectively. This strong growth, particularly in business fixed investment, resulted in an increase in the current account deficit.

In 1989-90, as a consequence of a tight policy stance by the Government, the withdrawal of the terms-of-trade stimulus and a downturn in the construction sector, growth in private final demand slowed significantly. GDP growth (adjusted for the terms of trade) slowed to 2.9 per cent with through-the-year growth rates indicating a more significant slowdown. The current account deficit, while higher in 1989-90 as a whole, began to fall over the course of the year.

Inflation

Inflation rose sharply in the early 1970s and eased only gradually over the next decade. It rose again in the mid-1980s to eight to nine

per cent in the wake of the depreciation of the Australian dollar as commodity prices fell. In 1989-90, inflation rose to 8 per cent in response to rising mortgage interest and consumer credit charges. This compares with the 7.3 per cent increase recorded in both 1987-88 and 1988-89. Inflation rates in 1989-90 tended to slow in line with the slowing economy.

The Labour market

The labour market deteriorated in 1982-83 but wage restraint contributed to a sharp improvement in employment generation from 1983-84 to 1985-86. The strength of demand also worked to maintain the growth in job opportunities in 1987-88 and 1988-89 and into 1989-90.

In 1989-90, employment growth slowed marginally in response to a slowing economy, rising 3.8 per cent compared with 4.1 per cent in 1988-89. During the year, however, labour-market pressures eased substantially. Employment growth eased from a peak of 4.9 per cent over the year to the September quarter 1989 to 2.5 per cent over the year to the June quarter 1990.

Consistent with the sectoral pattern of output, the easing in labour-market pressures during 1989-90 was not uniform across the

economy. Those sectors which faced the strongest demand in 1988-89 – construction, manufacturing and wholesale and retail trade – were also the sectors where pressures eased the most in 1989-90.

The unemployment rate fell to 6.2 per cent in 1989-90 from 6.6 per cent in 1988-89, although it rose during the course of the year.

Profits and wages

Over the past seven years the Prices and Incomes Accord between the Government and the Australian Council of Trade Unions (ACTU) has played a crucial role in unwinding the fundamental wages/profits imbalances prevalent

throughout most of the 1970s and early 1980s. The Accord thereby contributed importantly to the very strong growth in employment and the recent surge in investment. The share of non-farm income accounted for by profit is at historically high levels.

Wages policy increasingly has taken on the role of a catalyst for productivity improvement and labour market reform: economy-wide wage increases linked to inflation have given way to wage determination arrangements which place greater emphasis on negotiations at a more decentralised level.

Under the latest Accord agreement there were tax cuts and a \$12 a week wage increase (for all workers covered by awards) subject to union commitments to continue the restructuring of awards on pay and conditions of employment so they meet the modern competitive requirements of industry. It will play a vital role in the development of a more flexible and skilled workforce and more efficient forms of work organisation. As well, there is scope for additional increases negotiated at the enterprise level based on achieved increases in productivity. This will provide further impetus to improved flexibility and productivity.

In the September quarter of 1990, average weekly earnings for fulltime adult employees were \$577 (\$477 for all employees).

Balance of payments

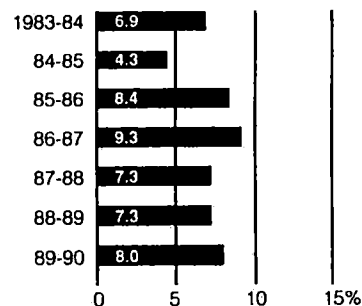
The balance of payments traditionally has comprised a current account deficit largely financed by a net inflow of private capital. This reflects Australia's position as a net capital importer drawing on foreign savings to allow faster development of domestic resources.

In 1989-90, the current account deficit increased by \$3.2 billion to \$21.2 billion, or from 5.3 per cent to 5.7 per cent of gross domestic product. The merchandise trade deficit fell from \$3.9 billion in 1988-89 to \$3.3 billion in 1989-90. The net services deficit increased from \$3.1 billion in 1988-89 to \$4.1 billion in 1989-90.

Fiscal policy

The Federal Government announces its budget of revenue and expenditure in August each year. The Federal Budget covers the financial year starting on the preceding 1 July and ending on the following June 30. It must be passed by both Houses of Parliament. The Government may also announce some initial budgetary measures, popularly known as a 'mini-

Rate of Inflation



Figures for 1983-84 and 84-85 have been adjusted to take into account the effects of the introduction of Medicare

Budget', just before the beginning of the financial year.

The six State and two Territorial governments also present annual budgets, usually soon after the Federal Budget has been announced. The States receive slightly less than half their revenue from the Federal Government.

Tight fiscal policy has reduced the Federal Budget deficit from a peak of 4.1 per cent of GDP in 1983-84 to a surplus of 2.2 per cent of GDP in 1989-90. The Budget for 1990-91 provides for a fourth successive surplus.

Around 32 per cent of total outlays is allocated to social security, 10 per cent to defence and 6.5 per cent for public interest debt. Transfers to State and Local governments account for about 29 per cent of Federal outlays, with about half being for specific purposes and half for general purpose assistance.

Since 1985, the Government has introduced a range of tax reforms resulting in a broadening of the tax base and a marked increase in compliance, with a consequent boost to revenue. The principal reason behind the significant improvement in the financial position of the Federal Government has been continued reductions in outlays. In 1990-91, Federal spending is estimated to represent 23.5 per

cent of GDP, a fall of 6.5 percentage points since 1983-84.

As a result of fiscal restraint, the net public sector borrowing requirements (including public enterprises and State and Local governments) has fallen from a peak of 7.1 per cent of GDP in 1983-84 to 0.1 per cent in 1989-90.

Company taxation

Companies, other than non-profit companies, are liable to pay tax if the taxable income is \$1 or more. The rate of tax payable by companies was reduced from 49 per cent to 39 per cent for 1988-89 and beyond. An imputation system of company taxation, introduced from 1 July 1987, has eliminated the previous double taxation of distributed income. Distributed income is effectively taxed only once by crediting the company tax paid on the underlying income against the income tax payable by domestic shareholders. Non-resident shareholders who receive franked dividends (where company tax has been paid on the distributed income) are exempt from dividend withholding tax. A rebate of tax is generally allowable for all dividends paid between domestic public companies and for franked dividends received by private domestic companies.

Capital gains tax

As part of the income tax system, a capital gains tax is levied on the realised gains made on assets purchased on or after 20 September 1985. An allowance is made for inflation before gains are taxed. Individuals pay the tax at the relevant personal rate and companies pay the tax at the company tax rate.

Double taxation agreements

In addition to unilateral relief from double taxation provided by a foreign tax credit system, Australia has in force comprehensive agreements for the avoidance of double taxation with Britain, the United States, Canada, New Zealand, Singapore, Japan, Germany, the Netherlands, France, Belgium, the Philippines, Switzerland, Malaysia, Sweden, Denmark, Norway, the Republic of Korea, Ireland, Malta, Italy, Finland, Austria, Papua New Guinea and Thailand. Agreements with China, Sri Lanka and Fiji have been signed but have not yet entered into force.

Foreign investment

Australia's foreign investment policy is framed with a view to encouraging foreign investment in Australia and ensuring that such investment is consistent with the needs of the community. In the

majority of industry sectors, proposals are approved readily unless judged contrary to the national interest. The policy is administered in a practical manner and is based on guidelines rather than inflexible rules.

Investment is restricted in civil aviation, the media, banking, minerals (including uranium) and some categories of real estate. Specific Australian equity guidelines (usually 50:50) apply to new mineral projects, excluding oil and gas. These guidelines are flexible.

Banking

The banking system comprises the Reserve Bank of Australia (the central bank) and 32 commercial banking groups. The Australian financial environment underwent considerable change in the 1980s as the Government deregulated financial markets. In December 1983, the exchange rate was floated and most exchange controls abolished. Almost all borrowing, lending and interest controls on the banking system were removed. Having sought applications from both domestic and foreign interests to establish new banks, banking licences to operate in Australia were granted to 15 foreign banks, in some cases in joint ventures with Australian partners.

Banks from nine other countries now operate in Australia: the United States, Britain, New Zealand, France, China, Germany, Japan, Hong Kong, and Singapore.

Monetary policy

Monetary policy in Australia is implemented by the Reserve Bank of Australia. Although the Australian Government has ultimate responsibility for monetary policy, the central bank has an independent charter to implement those policies that best contribute to price stability, the stability of Australia's currency, the maintenance of full employment and the economic prosperity and welfare of the Australian people. Monetary policy is conducted on a day-to-day basis by the Reserve Bank dealing in Federal Government Securities to influence conditions in short-term professional money markets.

Financial conditions

Interest rates have fallen substantially over the last year, reversing much of the sharp tightening in monetary policy over 1988 and 1989. During 1990, monetary policy was eased five times in response to falling inflation and slowing economic conditions. As a result, at the end of October 1990, cash rates

had fallen by over 5 percentage points from their recent peaks, while prime rates had declined by 4.5 points to around 16 per cent.

Exchange rates

Australia moved to a floating exchange rate system in December 1983. Under this system, market forces determine the value of the Australian dollar at any given time.

Structural policy

Australia has made significant progress in microeconomic reform, progressing on a broad front including reform of financial markets, taxation, primary and manufacturing industry protection, aviation, telecommunications and government business enterprises. The reform has set out to achieve higher sustainable growth in living standards through improved efficiency and economic performance.

The Government has established the Industry Commission as an independent advisory body to undertake inquiries in areas such as energy generation and distribution, rail transport, the automotive, dairy and sugar industries, and mining and minerals processing.



Cotton is an important export commodity.

Trade

Australia is a middle-level trading nation, about 20th in the world in terms of the value of imports and exports. These each comprise about 15 per cent of the national income.

Traditionally, Australia has imported a wide range of goods and services from a large number of countries, and has financed these imports mainly through exports of primary commodities. Although their share in total export values is gradually declining, commodities still dominate the export base, comprising about two-thirds of export revenues in 1990. Australia is a key world supplier of many important commodities.

Chief among these are coal, wool, wheat, alumina, beef, iron ore and sugar. During the 1980s there was some development of new export sectors in resource areas such as gold, aluminium, gas and crude oil. There was significant downstream processing in some important export sectors. Australian greasy wool is increasingly processed locally and ex-

ported as scoured wool and bauxite shipments have been replaced by exports of processed alumina and aluminium.

In the last five years, export volumes have grown by over 30 per cent, dominated by 80 per cent growth in elaborately transformed manufactures (ETMs) and 50 per cent growth in services. Within ETMs, the largest contributions to growth came from ADP equipment, transport equipment, industrial machinery, glass and clay goods, professional and scientific equipment, dyestuffs and pharmaceuticals. Australia is developing a competitive edge in high-technology engineering exports such as scientific/medical equipment, (including photo, optical and timing equipment), telecommunications and aerospace.

Tourism dominates services exports and this sector is attracting large amounts of foreign investment. Australia is also looking to diversify its services exports into areas such as education (training and consultancy), health (medical services) and information (developing computer software).

Australia's trade with the countries of the Asia-Pacific region has expanded rapidly. Well over half its exports are destined for Asia; Japan is its largest export

market, receiving just over a quarter of total exports in the 1980s. The dynamic Asian economies (Hong Kong, Singapore, Taiwan and the Republic of Korea) and the countries of ASEAN are Australia's fastest growing markets. The United States, New Zealand, United Kingdom, China, Germany, Italy, France and Canada are also key trading partners.

Australia promotes and facilitates trade through its multilateral, regional, bilateral and domestic economic policies. It aims to contribute to the strongest possible multilateral outcomes through the GATT. Australia has a particular interest in freer and fairer agricultural trade; in this context, Australia initiated the Cairns Group of Fair Trading Agricultural Exporters, comprising 14 countries of the Asia-Pacific region, Latin America and East Europe.

More recently, Australia initiated the Asia Pacific Economic Cooperation (APEC) process, a high-level consultative process designed to identify and project more effectively the common interests of regional economies in an open multilateral trading system and to facilitate the economic dynamism of the region through a practical program of economic cooperation at the sectoral level.



Mining uranium by the open cut method at the Ranger mine.

Resources and energy

Australia has become one of the world's major producers of minerals and metals. It has major deposits of bauxite, black and brown coal, minerals sands, gold, lead, zinc, iron, copper, nickel, manganese, uranium and diamonds.

A major producer and exporter of energy resources and one of only five net energy exporters in the OECD, Australia is the world's largest exporter of coal and a major exporter of uranium, and exports significant quantities of light crude oil (although it imports heavy crude). It exports increasingly large quantities of liquefied natural gas.

Crude oil and natural gas

Substantial oil and gas discoveries have been made in Australia in the last three decades. There is good potential for more, as many sedimentary basins have been explored only lightly. Discoveries in recent years in the Timor Sea and off Western Australia underscore this potential and tests of new exploration concepts are encouraging.

tralia. More than half the country's output of refined copper is exported. Total annual copper production is about 250 000 tonnes.

Nickel

Australia ranks third in world mine output of nickel, and exports nearly all of it. In Western Australia, where economic resources of nickel sulphide ore are large, the ore is processed to nickel matte and metal for export. Nickel laterite ore mined in Queensland is processed into nickel oxide but the reserves are nearing exhaustion.

Gold

Australia is the third largest producer of gold in the Western world, with production in 1989-90 reaching a record 223 tonnes compared with only 17 tonnes in 1980. Exports in 1989-90 were valued at \$2.9 billion. The rapid growth of the Australian gold industry in the 1980s was based on an attractive gold price and the development of innovative exploration, production and management techniques.

Mineral sands

Australia is the leading producer of rutile, zircon, monazite and alluvial ilmenite. All of these minerals have high-technology applications in aerospace work, advanced ceramics, lasers and fi-

bre optics. The industry has been developing projects for further processing - producing, for example, titanium dioxide pigment, high-purity zirconia and rare earths.

Other minerals

The manganese mine on Groote Eylandt, in the Northern Territory, is one of the world's largest mines and Australia is one of only three major world exporters of the mineral. Ore and refined forms (ferro-alloys and electrolytic manganese dioxide) are also produced. Tin ore is another mineral produced, most of it exported to Malaysia for refining.

Australia is also the world's largest producer by volume of diamonds and the world's leading producer of sapphires and opals.

Electricity

Each state has its own pattern of electric power development. Electricity is generated mainly by burning coal; natural gas and hydro-electric power are other sources.

Hydro-electric energy accounts for about a ninth of all electricity generated in Australia. The Snowy Mountains hydroelectric scheme in south-east Australia is one of the country's greatest engineering un-



dertakings and one of the world's larger irrigation and power projects. The scheme, which diverts water inland from coastal watersheds, has seven power stations, a pumping station, 16 large and many smaller dams, 145km of tunnels and 80km of aqueducts, and took 25 years to build. Its generating capacity is 3740 megawatts.

Energy policy

Energy policy in Australia is formulated to be consistent with major economic, industrial and social objectives and its key goals are:

- security of overall energy supplies;
- development of the energy exports sector; and
- efficiency in the domestic energy sector.

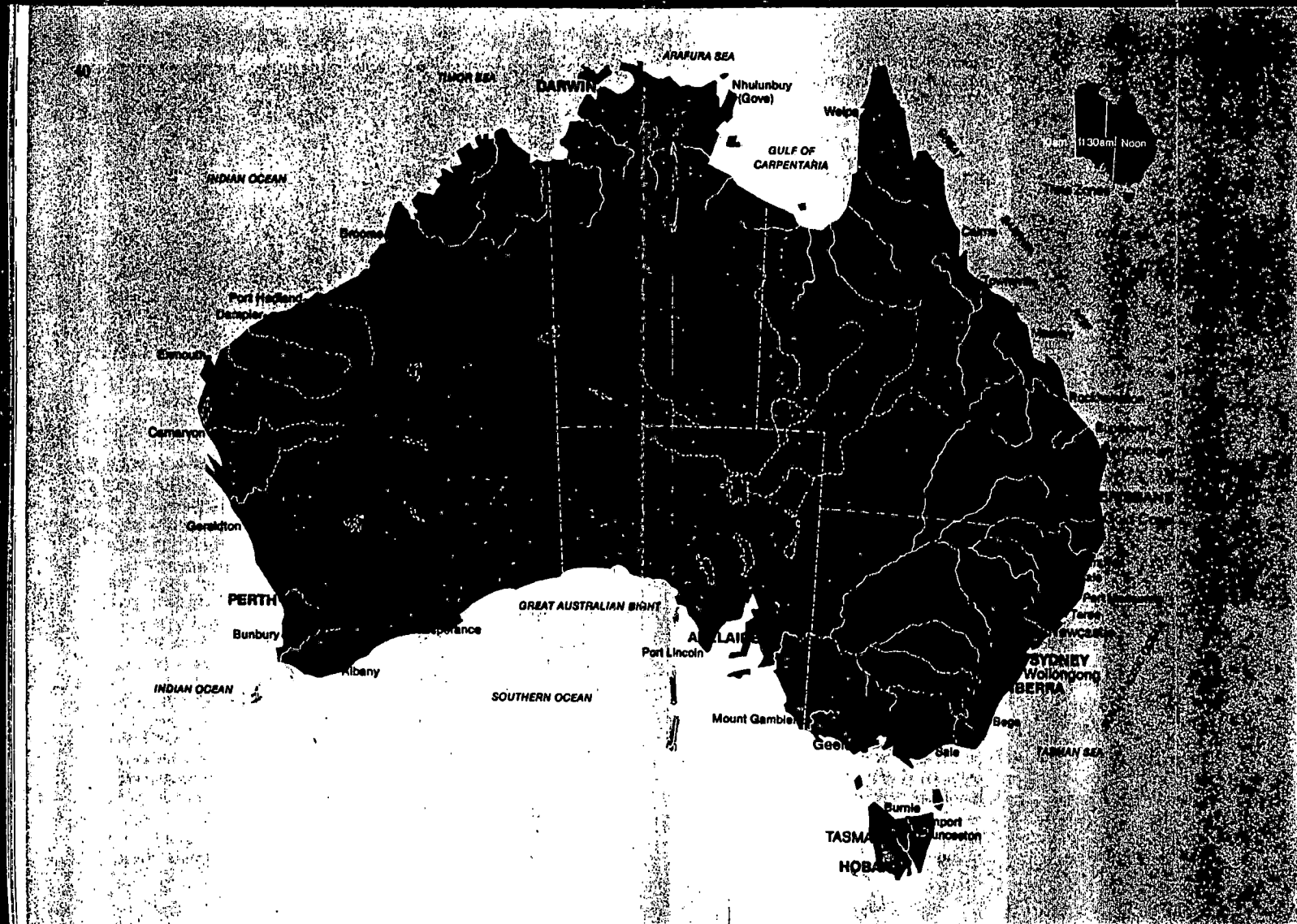
The policy is intended to provide the right framework to ensure that Australia has access to the ap-

propriate mix of energy supplies to meet its changing needs.

The nation is committed to continued research into and development of renewable energy, energy conservation, efficient energy use and alternative fuels. It maintains a major geological and geophysical research and investigation program.

Australia is an active member of the International Energy Agency.

Domestically, there is considerable consultation on energy matters. The main advisory and consultative bodies are: Australian Minerals and Energy Council, National Energy Consultative Council, National Energy Research, Development and Demonstration Council and the National Oil Supplies Advisory Committee.





Fashion clothing for children has been well accepted on export markets.

Manufacturing industry

In little more than a generation Australians have cast aside their former image as a basically rural society and embarked on an era of rapid industrial development. Today, Australia has a broad industrial base using advanced technology. Manufacturing ranges from fashion garments to food, complex electronics to household appliances, base metals to precision instruments, oil refining and to plastics.

Aided by Australia's political stability, rich natural resources, steady population growth and substantial capital investment from within the country and overseas, manufacturing industry accounts for 17 per cent of gross domestic product and more than 20 per cent of exports. One-sixth of the country's workers are employed in manufacturing industry.

Many Australian companies manufacture overseas products under licence. A high level of do-

mestic innovation has resulted in overseas licensing of many Australian-devised products and processes.

Tertiary sector

The tertiary or service sector is the largest segment of the Australian economy and it has been growing in importance relative to other major sectors in recent decades. The major employer in the sector is retail and wholesale trade, followed by community services, finance, property and business services and the construction industry. Employment in the sector accounts for about 78 per cent of total Australian employment, an increase from 64 per cent in the mid-1960s. The sector's share of the GDP is about 67 per cent.

Small business

A small business can generally be defined as one which employs up to 100 people in manufacturing industries and up to 20 people in non-manufacturing industries.

There are 600 000 small businesses in Australia and an additional 150 000 in the farming sector. They account for 96 per cent of all firms, half of private sector employment and a third of all employment in Australia. It is estimated 86 per cent of all manufacturing firms in Australia are small businesses.

Aerospace industry

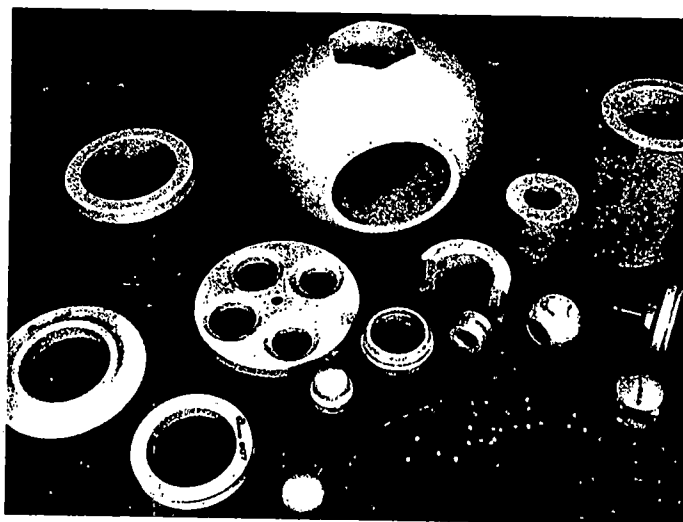
There are about 80 companies in the industry employing about 14 000. Industry association figures indicate significant growth in activity in the latter 1980s with turnover in 1988 of approximately \$845 million. Of this, nearly \$400 million represented export sales.

Chemicals and plastics

The Australian chemicals and plastics industries use local and imported materials to produce a wide range of intermediate and end products. These include petrochemicals, fertilisers, plastics, pharmaceuticals, agricultural chemicals, paints, soaps and detergents.

Electrical and electronic industries

The Australian electrical industry meets a substantial part of local demand for domestic and industrial products. Australia produces a wide range of electrical goods, including motors, transformers, domestic appliances, control gear and cables. The electronics industry supplies much of the local market for telecommunications equipment. Other products include advanced scientific and defence electronics, small computers and terminals and consumer au-



dio equipment. Demand for computers, electronic components and consumer electronic equipment is mostly supplied by imports. The industry employs about 60 000 and is increasingly export oriented.

Engineering

A wide range of heavy plant – such as oil rigs, power stations and mining equipment – is produced in Australia. Lighter products include machine tools, industrial robots, die castings, forgings and many types of measuring and recording instruments. Major engineering projects in Australia in recent years have given local industry opportunities to develop new technology,

manufacturing techniques and project management skills. Most companies in the industry can work on a range of general engineering projects. The industry employs about 85 000 (eight per cent of total manufacturing employment) and has an annual turnover of about \$5500 million.

Shipbuilding

Small to medium-sized ships are constructed in a number of Australian shipyards, including small trading vessels and specialised vessels such as tugs, dredges, barges, fishing vessels, passenger ferries and oil rig service vessels. The shipbuilding industry is as-

High technology design PSZ valves are sought for health and oil industry applications around the world.

45

sisted through a bounty on ships built in Australia and through import restrictions on second-hand vessels.

Processed food

Australia enjoys the climatic and geographic environment necessary for the cultivation and processing of virtually all types of food products, and food processing is the largest single segment of manufacturing industry in the country, employing 176 364 people. Turnover in 1988-89 totalled \$3 billion.

Motor vehicles

The motor vehicle industry (including the component sector) occupies an important place in Australian manufacturing industry and employs more than 65 000 people.

In 1989, 448 514 new cars and station wagons were registered. Another 158 985 utilities, panel vans, trucks and buses were also registered during the year.

Iron and steel

Australia's biggest company, The Broken Hill Proprietary Company Limited (BHP), is the predominant producer of iron and steel products in Australia. BHP's various divisions produce nearly the whole range of steel products, including plate, billets, structural shapes,

rails, rods, wire, coated and uncoated steel sheets, and tinplate. Basic steel is produced at Port Kembla and Newcastle in New South Wales, and at Whyalla in South Australia. Raw steel output in 1989-90 was 6.7 million tonnes.

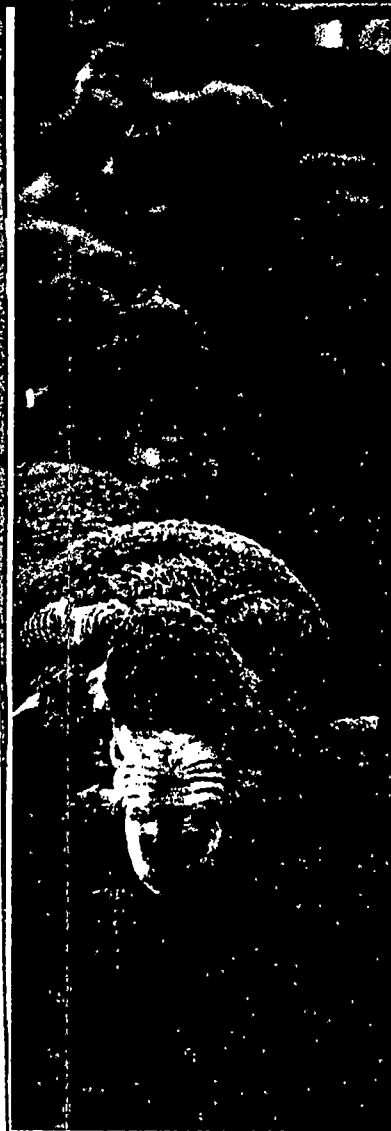
Paper and pulp

Production of paper and paperboard including newsprint was about 1.87 million tonnes in 1989-90. This represented about 70 per cent of apparent local consumption. Wood pulp production totalled one million tonnes.

Aluminium

The aluminium industry includes two fully integrated (bauxite/ alumina/aluminium/ semi-fabricating) groups, Comalco and Alcoa of Australia, while a third producer, Alcan Australia, operates a smelter and semi-fabricating plants. A fourth producer, Tomago, a joint venture comprising European and Australian interests, is confined to aluminium smelting principally for export.

In 1990, production of aluminium was 1.27 million tonnes. Exports in 1989 reached 935 000 tonnes, more than 70 per cent of production, and valued at about \$2100 million.



Australia's fine wool is keenly sought for high quality clothing and textiles.

Primary industry

The ravages of drought, bushfire and flood have not prevented the world's driest inhabited continent from becoming an important producer and exporter of agricultural products.

Although about a third of the country is unsuitable for any form of agricultural or pastoral use and another third supports only pastoral activity, Australia leads the world in wool production and is a significant supplier of cereals, dairy produce, meat, sugar and fruit.

Technical innovation and research, particularly in soil fertility, pasture production and crop yields, have helped to cut farm costs and open up new land for cultivation.

Australia has been able to carry out commercial farm production under desert and semi-desert conditions and the techniques and equipment developed are finding markets in countries with similar climates.

The total value of rural exports in 1989-90 was \$15 144 million. Major rural exports included wool valued at about \$3706 million; meat

and live sheep \$2869 million; wheat \$2507 million; barley \$344 million; rice \$179 million; other grains and oilseeds \$320 million; sugar \$1050 million; dairy products \$692 million; raw cotton \$540 million; fruit and wine \$299 million.

The gross value of rural production in 1989-90 was \$23 877 million. Wool accounted for about \$6072 million; livestock slaughtering \$5640; wheat \$2838 million; barley \$710 million; other grains and oilseeds \$961 million; milk \$1787 million; fruit \$1190 million; vegetables \$1223 million; cotton \$568 million.

Agricultural output

There are about 127 500 properties in Australia which have an estimated value of agricultural operations of \$20 000 or more. These cover about 470 million hectares, or 61 per cent of the total land area. In contrast with many other countries, about 90 per cent of all agricultural land is in its natural state and is capable only of limited development. This land is used mainly for light grazing by cattle or sheep. Agricultural production has risen substantially since the early 1950s.

Despite a declining rural labour force, rural output has increased by more than 150 per cent since 1950-51, and contributes

about four per cent to gross domestic product.

In highly urbanised Australia, the relative importance of the agricultural sector has been declining but agricultural industries remain large earners of foreign exchange and account for about 30 per cent of total export income.

Sheep and wool

Australia is the world's largest producer of the fine wools used in clothing. The wool is produced by about 76 000 woolgrowers owning about 175 million sheep grazing on about half the area of the continent.

About four-fifths of Australia's sheep are the merino breed, the best fine wool sheep, and Australian wool is distinguished by its consistency of fibre. Ninety-seven per cent of Australian wool is exported, mainly in the greasy form, though up to 20 per cent of the total is part-processed. Australia supplies about half of the wool used in apparel, and around 30 per cent of all greasy wool produced in the world. The main markets are Japan, the Soviet Union, China and the EC.

Meat

Australia markets meat in more than 100 countries and supplies the domestic market where the consumption of meat is the third

Picking grapes that are destined to be used in Australian vintage wines.

highest in the world at about 100 kg per person a year. The main meats exported are beef and veal, mutton and lamb. Australia has about 24 million head of cattle.

Australia has developed strict standards of slaughtering, processing, cutting, packing and presentation of meat.

From the early 1970s until 1984, Australia was the world's major exporter of beef and veal. The EC passed Australia as the major exporter in 1984. The US remains by far Australia's largest customer, followed by Japan. These two markets account for 81 per cent of total beef and veal exports. Australia also exports pigmeat and poultry.

Dairying

High quality products include butter, cheese, processed milk and casein. Of the \$692 million earned from dairy exports in 1989-90, \$189 million was from cheese. The industry is located mainly in the south-eastern region of the mainland and in northern Tasmania, where rainfall is ample and fairly reliable.

Wheat

Improved varieties and management techniques have increased yields per hectare. About 9 million ha were sown to wheat in 1989-90.

Preliminary 1989-90 production is 14.1 million tonnes, and this is forecast to increase to 15 million tonnes in 1990-91. Wheat-growing is highly mechanised and involves more than 40 000 farmers in a wheatbelt that stretches for 4000 km through five mainland states. The main markets are China, Egypt, Japan and Iran.

Coarse grains

Barley, oats, sorghum, maize and triticale are the main coarse grain crops. Small quantities of rye and millet are grown. In 1988-89, barley production was estimated at 4.1 million tonnes; sorghum 0.9 million tonnes; oats 1.6 million tonnes; maize 202 000 tonnes; and triticale 163 000 tonnes.

Rice

Production of rice for 1989-90 was estimated at 894 000 tonnes.

Oilseeds

Oilseed production in 1989-90 was estimated at 773 000 tonnes. Oilseeds grown in Australia include sunflower seed, soyabeans, cottonseed, linseed, rapeseed and safflower seed.

Sugar

Nearly 95 per cent of Australia's production of almost 28 million tonnes of sugar cane comes from



Queensland, and the remainder from New South Wales. In 1989-90, exports of sugar were 2.9 million tonnes, the main markets being Japan, Canada, Republic of Korea, Malaysia and China.

Fruit

Australia exports a variety of fruits, including apples, pears and citrus, and canned, frozen and dried fruit. Australia has about 23 million fruit trees and about 58 000 ha of vineyards. In addition, about 123 000 ha of land is devoted to vegetables. The total 1989-90 gross value of production of fruit and vegetables was \$2522 million.

Wine

Wines from Australia have continued to gain acceptance in other countries despite very keen competition. Sweden is the largest export market for Australian wine, followed by the United Kingdom, New Zealand, Japan and the US. About 370 million litres of wine was produced in 1989-90 from a vintage of 544 000 tonnes. The State of South Australia produces about 50 per cent of Australia's total wine production. Exports in 1989-90 were estimated at 42 million litres, four times the level of the mid-1980s.



Australia has a highly skilled and mobile workforce.

Labour and industrial relations

Working conditions in Australia are regulated by legislation and by industrial awards. Awards are legal documents made by industrial tribunals which set out details of pay and conditions of employment. They have the same role as a collective agreement in many other countries. Under the Constitution, the power of the Australian Parliament to regulate labour relations is limited to the prevention and settlement, by conciliation and arbitration, of industrial disputes extending beyond state limits. State parliaments can regulate industrial relations within their States.

Associations and unions

The conciliation and arbitration system encourages unionism, operating on the premise that employers and employees will be represented before tribunals by registered organisations. Fifty-four per cent of employees belong to Australia's 295 trade unions. At 30 June 1990, unions had a financial

membership of 3.4 million. The Australian Council of Trade Unions (ACTU) has an official affiliated membership of 160 unions representing more than 2 750 000 workers.

Labour force

For the 12 months ended October 1990, Australia's labour force averaged 8.43 million or 63.7 per cent of the civilian population aged 15 or more.

In October 1990, 6.18 million people (79 per cent of the employed labour force) worked fulltime. Manufacturing, wholesale and retail trade, construction and community services accounted for 61 per cent of all full-time workers.

Wages and conditions

Federal and state industrial tribunals set rates of pay and conditions of employment for 85 per cent of Australian employees covered by awards, determinations or industrial agreements. Most are minimum rates and management and labour may negotiate above-award rates. Over-award payments are widespread. Award rates are fixed without regard to the sex of the employee.

The Sex Discrimination Act 1984 seeks to eliminate discrimination, on the grounds of sex, marital status or pregnancy, in a

number of areas, including employment. It also seeks to eliminate discrimination involving sexual harassment.

The Racial Discrimination Act 1975 prohibits discrimination in employment on the grounds of race, colour, descent or national or ethnic origin.

South Australia and New South Wales have introduced legislation to prohibit discrimination on the grounds of age.

Working hours

The standard working week in Australia has been reduced progressively to 38 hours in most industries, worked usually from Monday to Friday. Employees in service occupations are paid more ('penalty rates') when they work at weekends.

Paid leave

Legislation or awards give four weeks' paid annual leave to almost all employees. Many employees receive an annual leave loading of 17.5 per cent on their pay.

Labour market

For the 12 months ended October 1990, employment grew by 2.6 per cent. In October 1990, the unemployment rate was 7.6 per cent in seasonally adjusted terms.



The Science and Technology centre houses working displays illustrating scientific principles.

Science and technology

Australian scientists and researchers continue to make contributions to the advancement of science and technology. They have been responsible for many advances in the manufacturing, mining and agricultural industries. Australia has made significant contributions in medical science, particularly in immunological and cancer research. Australian medical scientists have found a cure for peptic ulcers and are working on detecting molecules that reject transplants. Their success with in vitro techniques in countering human sterility has attracted international interest.

Australia has been a pioneer in solar energy research, and scientists also are investigating other potential energy sources, including wind and sea power. Australian advances in technology include the development of an internationally accepted aircraft landing system, a heart pacemaker, a 'bionic ear' and

computer hardware and software.

As well as undertaking research within its own agencies—notably the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Nuclear Science and Technology Organisation (ANSTO), the Australian Institute of Marine Science and the Defence Science and Technology Organisation—the Australian Government provides financial support for research in tertiary education institutions, research institutes and industry.

Nuclear science and technology

The Australian Nuclear Science and Technology Organisation was established in April 1987 as the successor to the Australian Atomic Energy Commission. ANSTO is the major centre for research and development in nuclear science and related technologies in Australia.

Commission for the Future

The Australian Government established a Commission for the Future in 1985 to study and promote the social and economic effects of technological change.

CSIRO

The Commonwealth Scientific and Industrial Research Organisation is Australia's main scientific re-

search body. It plans and carries out a program of scientific research except in defence, nuclear energy and clinical medicine. It delivers a range of scientific services to the Australian Government, industry and the community. CSIRO's work is directed toward rural, manufacturing, communications and information industries; knowledge and management of the natural environment; minerals and energy industries; and construction industries. CSIRO employs about 7000 people in more than 100 laboratories and field stations.

Space

The Australian Space Office (ASO), in the Department of Industry, Technology and Commerce, is the national body responsible for space industry development and space science.

Antarctic research

Australia carries out specific scientific research programs in the Australian Antarctic Territory.

Science and technology awareness

The Science and Technology Awareness Program was established in May 1989 to raise awareness of the economic and social importance of science and technology.

Meteorology

The Bureau of Meteorology has an important role in the World Meteorological Organisation's world weather watch which has three meteorological centres—in Melbourne, Moscow and Washington—and regional centres including one in Darwin.

Cooperation

Formal bilateral agreements on scientific and technical cooperation exist between Australia and the US (1968), India, USSR (both 1975), Federal Republic of Germany (1976), China, Japan (both 1980) and Mexico (1981).

Astronomy

One of the world's largest optical telescopes, the 3.9-metre Anglo-Australian Telescope, is operated at Siding Springs Mountain, New South Wales, under an agreement between the British and Australian Governments. The Australia Telescope, opened in 1988, consists of a 64-metre-diameter steerable parabolic reflector near Parkes, NSW, six steerable and moveable 22m antennas at Culgoora, NSW, and a steerable antenna at Siding Springs. It is operated as a national facility by CSIRO Division of Radiophysics.



Australian scientists have developed photonics for high technology communications.

Transport and communications

Australia's vast distances and relatively sparse inland population have always presented major challenges in the development of efficient transport and communications systems.

The most direct air route between Sydney on the east coast and Perth on the west coast is 3200km, and the most direct route between Darwin in the north and the most southern capital city, Hobart, is even further at 3700km. Added to this problem is the fact that more than 60 per cent of the population live in and around the six State capitals.

Transport

Australia's transport system includes nearly 840 000km of roads, 240 000km of unduplicated air routes and 40 000km of government railways.

The State governments deal mainly with roads, ports, intrastate shipping and railways. The Federal Government deals with shipping and air transport between States and Territories and the Aus-

tralian National Railways network. As well, the Federal Government maintains an interest in all transport matters and financially assists State railway and road construction projects.

It provides about \$1.3 billion annually to the States for the construction and maintenance of national, arterial and local roads.

Shipping

Australia trades with about 200 countries and territories and annually exports almost 260 million tonnes of freight by sea. Imports by sea total almost 24 million tonnes.

Australia is served mainly by foreign-flag vessels in its overseas trade. The Australian flag share of tonnage is about 4.2 per cent.

The Australian National Line operates a regular overseas shipping service in five of Australia's overseas trade routes to Europe, Japan-Korea, and South-East Asia and New Zealand.

Ports and harbours

Australian ports are the responsibility of State government authorities and departments or private operators. Australia has about 70 ports of commercial significance. The main ports serve the State capitals and industrial and mining centres.

Railways

Australia's railways are owned and operated mainly by government. New South Wales, Victoria, Queensland and Western Australia have their own railway systems.

The metropolitan railways in Adelaide are owned and operated by the South Australian Government. The Federal Government railways are run by the Australian National Railways Commission trading as Australian National.

Three railway gauges are used in Australia: 1067mm, 1435mm and 1600mm. Since December 1982, the mainland capital cities have been connected by a standard-gauge (1435mm) line, except for Adelaide-Melbourne. Privately-owned railways operate in each State serving mining, agricultural and industrial areas. The largest private railway operations serve iron-ore mining in the north-west of Western Australia. Queensland has an extensive tramway network to serve mills in sugar-producing areas.

Road safety

Wearing seatbelts, anti-drink driving laws, improved vehicle safety and better roads all have considerably influenced road safety in Australia. In 1988, 2888 people were killed in road crashes; some 24 per cent fewer than in 1970.

During this period there were substantial increases in population and vehicle numbers so that the reduction in road deaths was a significant achievement. Nevertheless, road crashes are still the largest single cause of death for Australians aged under 45 years.

Road Transport

Road transport carries some 75 per cent of Australia's domestic freight. The industry is highly competitive, comprising small and large operators using diverse vehicle types including road trains, freighters and smaller vehicles. There is no economic regulation of the freight industry although it is subject to safety regulations administered by State governments.

Energy in transport

Transport uses about 70 per cent of fuel sold in Australia.

Since 1979, incentives have been offered for the conversion of vehicles to liquefied petroleum gas and many government and private fleet vehicles have been converted.

Aviation

Isolated communities and long distances between cities have contributed to making Australia one of the most air-minded countries in the world. There are just over

8600 aircraft of all types and about 47 000 pilots licensed to fly them.

Thirty-three international airlines, including Qantas, operated regular services to Australia in 1989.

Scheduled domestic airlines carry about 14 million passengers a year. Regular airline services have been operating since 1921 when West Australian Airways began operations over a 1923km route linking Geraldton and Derby. Today domestic airlines cover about 13 760 million passenger-kilometres a year, linking the capital cities and other main centres of population.

Communications

The main communication systems – postal, telegraph and telephone – were established and have since been maintained in Australia by governments.

Since July 1975, responsibility for post and telecommunications has been vested in two statutory authorities – the Australian Postal Corporation (Australia Post) and the Australian Telecommunications Corporation (Telecom Australia). Australia Post operates about 4500 post offices and 6000 vehicles. It serves about 5.7 million residential and 560 000 business addresses in Australia. It employs nearly 35 000 people full-time and handles about 14 million

postal articles each working day.

Telecom Australia employs more than 89 000 full-time staff. It operates 5156 telephone exchanges serving seven million telephone services with more than eight million telephones.

More than 99 per cent of Australia's telephones are connected to automatic exchanges.

The Overseas Telecommunications Commission is responsible for public telecommunications services between Australia and other countries, its external territories and ships at sea.

The commission has a staff of nearly 2000. Telephone services, which are available to more than 230 overseas destinations, and telex services provide about 73 per cent of revenue. International subscriber dialling is available to more than 180 destinations.

Satellite system

AUSSAT Proprietary Limited, owned by the Federal Government, is the owner and operator of Australia's domestic satellite system. AUSSAT provides high-quality radio and television services and telecommunications links to all areas of mainland Australia and associated islands and telecommunications links to New Zealand.

Social security provides allowances for families with children.

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Social Security

Australia's involvement in social security began with the introduction of old-age and invalid pensions in 1910 and maternity allowances in 1912. Social security payments of this kind, then considered radical, gained for Australia its reputation as a pioneer in public welfare. The main components of today's social security programs are pensions for old people, the severely disabled and sole parents; benefits for the unemployed who are seeking work and those temporarily unable to work because of ill health; and allowances for families with children. Estimated expenditure on social security and welfare programs for 1990-91 is nearly \$7487 million. Charitable organisations historically have supplemented the public social services, often as innovators and pioneers in new areas of welfare.

Pensions, benefits

The Federal Government provides cash benefits to people whose source of income has either ceased—for example, through se-

vere disability or retirement—or has been temporarily interrupted, as in unemployment or sickness. These payments are subject to an income and assets test. Certain residency requirements also have to be met. Pensioners and sickness beneficiaries may qualify for pensioner concessions which entitle them to a range of concessional pharmaceuticals and some optometrical and health services. Concessions on government transport and telephone rental are also available to pensioners.

Families

People who have one or more children under 16 may receive a family allowance. People who have certain dependent students aged 16 to 24 also may qualify for family allowance. All family allowances are subject to an income test. Family allowance supplement (FAS) provides a higher level of assistance to low-income working families under a more stringent income test which includes an assets test. Higher rates of FAS are available for older children. FAS payments also may include an amount for rent assistance for families in the private rental market. Both family allowance and family allowance supplement normally are paid fortnightly to the mother or female guardian.

Disabled

Those on pension because of disability and those on temporary sickness payment have access to rehabilitation and training to see if they can return to work.

An allowance is payable to parents or guardians of a child whose physical, intellectual or psychiatric disability requires a high level of daily care and attention in the family home. A mobility allowance is paid to disabled people who are employed or engaged in training and are unable to use public transport because of their disabilities. A carer's pension is available to people providing long-term care at home to a severely disabled pensioner or beneficiary.





Pre-school education is an integral part of the education system.

Education

Under the federal system of government in Australia, state, and territory governments and non-government school authorities are responsible for providing education services. The Federal Government provides supplementary funds in the form of general recurrent and capital grants.

The Federal Government plays a central role in facilitating cooperation of the national education system largely through the Australian Education Council.

Funding

The Government spent \$6565.5 million on education in 1989-90. Estimated expenditure for 1990-91 is \$7486.6 million.

Pre-school and child care

Most Australian children begin school before the compulsory school age and many attend pre-school centres within the school system. Pre-school centres generally enrol four-year-old children and provide sessions for two groups of children each day.

Primary and secondary education

Schooling is compulsory in Australia until the age of 15 or 16 (varies between states). Over 70 per cent of children are educated in government schools, where tuition at primary and secondary levels is free. The majority of Australian children (2 194 355 in 1989) attend government schools. In 1989, 27.6 per cent of students (837 032) were enrolled at non-government schools.

Secondary schooling begins in year seven or year eight and continues to year 12. The most common type of secondary school is the co-educational comprehensive or multi-purpose high school, offering a wide range of subjects and activities.

Schools of the Air use two-way radio to provide 'classroom' experience for children in the remote parts of Australia even though they remain physically in their own homes.

The National Distance Education Centre, established in June 1989, is examining the application of technologies such as interactive video, CD-ROM and CAL-CML, to the development and delivery of external courses.

Tertiary education

There has been substantial restructuring of the higher education sys-

tem through the amalgamation of institutions, leading to benefits such as a greater range of subjects, courses and categories of award, better credit transfer provisions and improved teaching and research facilities/services.

Australian higher education is provided by 76 institutions. In 1990, there were 299 511 full-time students, 132 852 part-time students and 52 712 external students. Australian higher education institutions offer internationally regarded degrees and postgraduate awards.

Colleges of technical and further education provide training in major industrial skills as well as certificates and diplomas based on vocational training.

Student assistance

In 1990, the Government assisted about 397 000 students at a cost of about \$993.7 million.

Student assistance schemes provide financial assistance to students who are financially disadvantaged (AUSTUDY), Aborigines and Torres Strait Islanders (ABSTUDY), geographically isolated or disabled students (Assistance for Isolated Children) and postgraduate awards.

Current trends

Under the National Asian Scholarship Scheme, the Federal Govern-

ment awards scholarships to teachers and research students to study in Asian countries, is part of a strategy to help Australia become Asia-literate.

Teacher education

Pre-school and primary teachers usually complete a three or four year diploma/degree course at a tertiary institution. Secondary school teachers generally complete a degree at a university or college of advanced education before doing a graduate diploma education course.

International participation

Awards and exchanges under the International Students sub-program, provide opportunities for students from overseas to study in Australia and for Australians to study overseas. Overseas students are also able to study in Australia by paying the full cost of their education to the institution. The number of students admitted under the full fee program is not restricted by quotas. In 1990, there were 12 134 full fee paying overseas students enrolled in higher education institutions and a further 1015 enrolled in colleges of Technical and Further Education (TAFE).

Aborigines

The Federal Government made a five-year commitment to the Aboriginal Employment Development Policy (AEDP) in 1987. The policy aims to increase employment opportunities for Aborigines and Torres Strait Islanders and assist their economic development through to the year 2000.

At the end of 1989, all State and Territory governments jointly agreed to a national Aboriginal and Torres Strait Islander Education Policy (AEP). The Federal Government has committed \$266 million to this initiative which aims to raise Aboriginal participation and success in education to the same level as the rest of the community.

Vocational training

Federal Government funding measures are designed to encourage a cooperative national effort with industry in the improvement of vocational education and training arrangements. The National Training Board is responsible for setting national skill standards on the basis of proposals brought forward by industry.



Immunisation is a vital part of child health care programs. 63

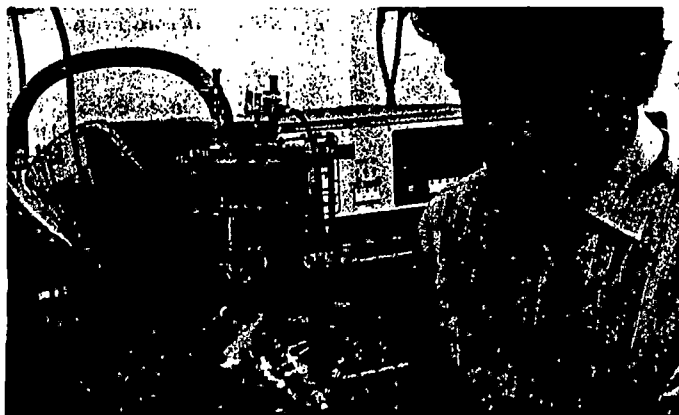
Health

Australia's public health services are two-tiered: private medical practitioners provide primary care, and a public (State-controlled) and private hospital system provides comprehensive services. A more diversified program of care, with community health services – including health-centre and home care services – is developing.

A universal health insurance scheme, Medicare, provides Australian residents with protection against hospital costs (excluding private patients), medical and optometrical care. The scheme, introduced in February 1984, is partly funded by a 1.25 per cent levy on taxable incomes, with low-income cut-off points.

Under the scheme, there is no charge for public hospital accommodation or treatment by hospital doctors. Private patients in public hospitals are charged for these services.

Medicare also provides re-funds of at least 85 per cent of government-approved fees charged by doctors and by optometrists (except where the service is



Artificial heart valves are tested in the laboratory.

provided while a person is a hospital patient or at a day-hospital facility, when Medicare benefit is a flat 75 per cent).

Private health insurance is available for private patients in hospitals or for costs of a range of ancillary services, such as dental services or physiotherapy.

Short-stay visitors to Australia must pay for all medical and hospital treatment. Private insurance organisations will cover them.

Australia has reciprocal medical arrangements with New Zealand, the United Kingdom, The Netherlands, Italy, Malta and Sweden. These enable short-term visitors to and from Australia to have access to the host country's public health system for immediately necessary medical and hospital treatment.

Hospitals

In 1990, Australia had 1072 hospitals (excluding mental hospitals, nursing homes and Repatriation - veterans' - hospitals), of which 65 per cent were public hospitals. Australia has an average five hospital beds a thousand population.

Pharmaceuticals

Through the Pharmaceutical Benefits Scheme, the Government subsidises the cost of a comprehensive range of drugs to ensure Australians have access to effective and necessary prescribed medication.

In 1986, a program known as the Safety Net was introduced to provide protection for families and the chronically ill, by setting an upper limit on expenditure for prescription drugs. On 1 January 1991, this limit was set to a maxi-

mum outlay of \$300 an individual or family in a year.

Medicine

In 1990, Australia had about 38 000 doctors in active practice. About 50 per cent work as general practitioners (primary care), 30 per cent as specialists and 20 per cent are in salaried employment.

Ten Australian universities have medical schools which provide five- or six-year undergraduate courses.

Nursing

About 190 000 professionally registered nurses provide care in hospitals, nursing homes, home-nursing agencies, occupational health nursing services, school health services and community health activities.

Authorisation to practise is controlled by registration authorities in each State and Territory. About 80 per cent of nurses work in hospitals or nursing homes.

Dentistry

Australia has about 5 700 dentists, mostly in private practice. Five Australian universities have dental schools providing a five-year undergraduate course.

Fluoridation of water is widely used to prevent dental decay and covers about 67 per cent of the

population. Dental care for certain disadvantaged people is provided by dental hospitals.

Public health

Public health services are undertaken at Federal, State and Local government levels. Constitutionally, State and Local governments have responsibility for providing public health services, but the Federal Government has become more involved in developing and coordinating national policies, model legislation, guidelines and standards.

The Federal Government provides funding and professional expertise in family planning, health promotion and illness prevention, drug-abuse reduction, Aboriginal health, women's health and disease control - in particular, sexually transmissible diseases including AIDS.

Research

The Federal Government supports research by annual appropriation to the Medical Research Endowment Fund.

In 1989-90, more than \$80 million was allocated for grants to be awarded on National Health and Medical Research Council advice.

In addition, \$2.6 million was allocated for public health research, administered by the newly estab-

lished Public Health Research and Development Committee.

Flying doctor

The Royal Flying Doctor Service of Australia provides medical care for people living in isolated regions. Doctors travel by aircraft from central bases and keep in touch with their patients by radio.

Services for the aged

Australia places a high priority on programs for elderly people.

Through the Home and Community Care (HACC) program the Federal Government funds a range of home and community support services, such as home help, food services, community respite care, and transport services, to help frail older people and younger people with disabilities remain living in their own homes. The Government also provides a Domiciliary Nursing Care Benefit to people who care for chronically ill relatives at home.

The Residential Care program funds a range of organisations which provide care in nursing homes and hostels. The program provides 100 nursing home and hostel places for ever 1000 persons aged 70 years and over.

Services for people with disabilities

Vocational and social rehabilitation services are provided through the Commonwealth Rehabilitation Services (CRS). More than 90 rehabilitation units operate around Australia, many in country areas.

Hearing services are provided through the National Acoustic Laboratories (NAL). Specialist services are provided by technical experts in NAL Hearing Centres throughout Australia.

Child Care

The Government helps families with dependent children, including those with special needs, by providing quality, affordable child care. The child care program is aimed at removal of barriers that might prevent women taking paid employment.

This approach involves government and private child-care services, employers and non-profit organisations working together to increase the supply of quality, affordable child care.



The detached house remains the most popular dwelling.

Housing

The outstanding feature of housing in Australia is the high level of home ownership. About 70 per cent of Australian householders own their own homes.

The most popular dwelling unit remains the detached brick house with tiled roof, although there has been a steady move towards higher-density housing, including cluster-type developments such as townhouses, home units and high-rise apartments. In 1989-90, 137-710 new residential building units were begun (100 690 being houses).

Most dwellings are bought with money lent by private lending institutions such as savings and trading banks, permanent building societies and finance companies. Savings banks account for around 70 per cent of all housing loans.

Federal funding

The Federal Government gives money to the State and Territory governments to provide rental and home ownership help for the

needy. While home purchase in Australia is predominantly financed by the private sector, more home loan innovations have been developed by State and Territory housing authorities which are assisting an increasing number of lower-income first-home buyers into home ownership.

The most recent housing agreement between the Federal Government, States and Northern Territory came into effect in 1989 and provided for a base level of funding of \$1028 million in each of the years 1989-90 to 1992-93, with any additional funds allocated each year as part of the normal budget process. In 1989-90 and 1990-91, \$1053 million and \$1035 million, respectively, were actually made available.

In addition to general housing assistance, the agreement provides for specific help for Aboriginal and pensioner housing, crisis accommodation, mortgage and rent assistance and the local government and community housing program.

Construction industry

More than half (56.8 per cent) of the economy's investment expenditure, which underpins economic growth, is on construction.

Gross fixed capital expenditure (current prices) on non-residential

construction was \$16.2 billion in 1989-90. Residential construction accounted for \$19.7 billion. These figures are for private sector investment.

The construction industry employed about 575 000 people in August 1990. A similar number is employed in supplying the industry with materials, machinery and professional services, with about 100 000 private-sector construction establishments operating in Australia.

Construction activity is widespread geographically, but most concentrated in the capital cities. The residential construction industry uses the subcontract system and features a large number of independent operators. In contrast, the non-residential construction industry is characterised by fewer, larger firms.



Environmental laboratory staff test a watercourse in a mining area.

Environment

Australians are increasingly involved in conservation and other environmental issues. It is estimated that more than 500 000 people are members of conservation groups in Australia. Since 1950, the number of conservation societies has increased from fewer than 50 to more than 800.

Policy

All spheres of government share responsibility for the environment. The Federal Government's role is exercised mainly by the Department of the Arts, Sport, the Environment, Tourism and Territories and by a number of statutory authorities including the Australian Heritage Commission, the Australian National Parks and Wildlife Service and the Great Barrier Reef Marine Park Authority. Two major government bodies have also been established specifically to collaborate on environmental matters. They are the Australian and New Zealand Environment Council and the Council of Nature Conservation Ministers.

Conservation

A number of national programs have been established to provide for the protection and conservation of Australia's environment. Issues addressed in these programs have included rainforest conservation, arresting and reversing tree decline, soil conservation, land-care incentives generally and biodiversity. Two of these programs, focusing on nature conservation outside reserves are "Save the Bush" and "Endangered Species".

Environment

The Environment Protection (Impact of Proposals) Act 1974 provides for environmental factors to be taken into account in the Federal Government's decision making. The Act applies to proposed government decisions or actions which may have a significant effect on the environment.

Where a proposal raises issues of particular environmental concern, the Minister for the Arts, Sport, the Environment, Tourism and Territories can direct that an environmental impact statement (EIS) be prepared. Impact statements for public review, and any public comments, must be taken into account before the statement is finalised and the proposals considered by the Government.

Amendments to the legislation passed in June 1987 allow the minister to direct the preparation of a Public Environment Report (PER) on environmentally sensitive proposals which might not warrant the preparation of an EIS. PERs are also made available for public review and public comment is taken into account before decisions are made.

Parks and wildlife

The first laws to protect scenic areas in Australia were passed in the State of Tasmania in 1863.

In 1879, the Royal National Park of 7284ha was established south of Sydney, capital of New South Wales. This was Australia's first national park, and the world's second.

In 1988, about 40.8 million hectares, or 5.3 per cent of Australia's total land area, was reserved for national parks and other types of conservation reserves. A further 38.4 million hectares has been proclaimed as marine reserves representing less than 1 per cent of Australia's total marine area. Australia now has more than 2700 areas set aside for nature conservation or similar areas. They range in size from small parks of less than one hectare to Kakadu National Park at nearly 22 000 km².

Fauna protection

Primary responsibility for native fauna in Australia rests with the state and territory governments. The Federal Government is responsible for native fauna in federal territories, for control of international import and export, and for international treaties and conventions pertaining to nature conservation.

Biological resources

The Bureau of Flora and Fauna is coordinating the Australian Biological Resources Study, collecting, identifying and recording Australia's animals and plants.

National Estate

The Australian Heritage Commission compiles a Register of the National Estate.

Under the National Estate Grants program, more than \$50 million in Federal Government grants has been paid since 1973 for more than 3700 projects to state and territory governments.

Pollution

State governments are primarily responsible for pollution control. The Federal Government has national and international responsibilities.

The Federal Government regulates dumping of wastes at sea

in accordance with the London Dumping Convention, and the export and import of hazardous wastes. With State authorities, it develops national guidelines for permitted levels of air pollutants.

Ozone protection

The Ozone Protection Act implements the provisions of the Montreal Protocol on Ozone and sets in place additional bans on products which use ozone depleting substances.

There is a national strategy to phase out ozone depleting substances as rapidly as practicable.

Waste minimisation

The Federal Government is developing a National Waste Minimisation and Recycling Strategy. It will encompass all wastes and all services/activities which produce waste and provide a structure for industry, community and government cooperation in promoting waste minimisation and recycling. The strategy will be one of the key roles of the recently announced Environment Protection Agency.

REMARKS OF GEORGE BUSH
VICE PRESIDENT OF THE UNITED STATES OF AMERICA
BEFORE THE
NATIONAL PRESS CLUB
CANBERRA, AUSTRALIA
THURSDAY, APRIL 29, 1982

I'M DELIGHTED TO BE HERE WITH YOU TODAY. THIS IS THE FIRST TIME IN MONTHS THAT THE AUDIENCE HAS OUTNUMBERED MY SECRET SERVICE DETAIL.

I WANT YOU TO KNOW THAT I'M ALWAYS DAUNTED AT GOING BEFORE PRESS CLUBS. THIS ISN'T A REFLECTION OF MY FEELING ABOUT THE PRESS--IT'S JUST A POLITICIAN'S NATURAL INSTINCT ABOUT STANDING IN FRONT OF SO MANY OF YOU AT ONE TIME. I WAS TOLD BEFORE I CAME HERE THAT THE AUSTRALIAN PRESS EATS PUBLIC FIGURES FOR BREAKFAST. PAUSE YOU CERTAINLY TOLD FRANK SINATRA WHO WAS BOSS A FEW YEARS AGO. PAUSE WELL, I HOPE I'LL AT LEAST PROVIDE YOU WITH A GOOD LUNCH.

I'VE COME TO AUSTRALIA, AS YOU KNOW, IN THE INTERESTS OF GOOD NEWS, NOT BAD. IN JAPAN I SPOKE BEFORE THE FOREIGN CORRESPONDENT'S CLUB. I SAID THERE THAT I'D COME TO CONSULT WITH THE JAPANESE ON MATTERS OF TRADE AND DEFENSE--NOT TO DICTATE TO THEM. I SAID THAT WE NEEDED TO WORK TOGETHER TO WORK OUT AGREEMENTS, THAT THE ATMOSPHERE HAD IMPROVED, BUT THAT ABOVE ALL WE SHOULDN'T LET SUCH MATTERS CLOUD THE ESSENTIAL AND OVER-RIDING ISSUE OF JAPANESE-U.S. FRIENDSHIP. SO DURING THE Q AND A THAT FOLLOWED A FELLOW STOOD UP AND SAID, WELL, THIS BEATS ALL. A WHILE AGO MITTERAND CAME ALL THE WAY HERE TO SAY THERE IS HARMONY BETWEEN FRANCE AND JAPAN. AND NOW YOU'VE COME ALL THE WAY HERE JUST TO TELL US THERE IS HARMONY BETWEEN THE UNITED STATES AND JAPAN.

I TOLD HIM THAT WASN'T EXACTLY THE CASE, OR WHAT I'D SAID, THOUGH I DID SYMPATHIZE WITH HIM. I KNOW LACK OF HARMONY MAKES BETTER COPY THAN HARMONY. BUT ALAS, I'M AFRAID I STAND BEFORE YOU FULL OF HARMONIOUS THOUGHTS, AND A FEW OTHER POINTS THAT NEED BRINGING UP BECAUSE THEY MATTER, AND BECAUSE THEY'RE IMPORTANT.

I'VE BEEN TELLING AUDIENCES IN THE COUNTRIES I'VE BEEN VISITING THAT THE UNITED STATES HAS NO DESIRE TO DOMINATE THIS OR ANY OTHER PART OF THE WORLD; BUT THAT IT WANTS TO CONTINUE BEING A GOOD PARTNER IN THE FREE WORLD; THAT IT WANTS TO KEEP THE LINES OF COMMUNICATION WIDE OPEN; THAT ITS DAYS OF LECTURING ITS FRIENDS AND APOLOGIZING TO ITS ENEMIES ARE OVER; THAT IT WANTS TO BE A GOOD FRIEND.

AUSTRALIA IS ONE OF OUR BEST FRIENDS. WHEN PRIME MINISTER FRASER VISITED WASHINGTON LAST YEAR, PRESIDENT REAGAN SAID AT THE TIME THAT, "AUSTRALIA IS A FRIEND FOR THE LONG PULL, WHERE PEOPLE SEE THINGS BASICALLY AS WE DO, BUT WHO WILL ALWAYS HAVE THE COURAGE AND THE FRIENDSHIP TO TELL US WHEN THEY THINK WE'RE WRONG."

THE PRESIDENT QUOTED ROBERT LOUIS STEVENSON'S LINE, "THE BEST THAT WE HAVE IN OUR TRAVELS IS AN HONEST FRIEND--THEY KEEP US WORTHY OF OURSELVES." ON THIS TRIP I'VE COME TO VISIT WITH HONEST FRIENDS.

I'VE BEEN CELEBRATING

I'VE BEEN CELEBRATING A FEW ANNIVERSARIES ALONG THE WAY--QUITE A FEW, IN FACT: THE 30TH ANNIVERSARY OF THE SAN FRANCISCO TREATY IN JAPAN; 100 YEARS OF DIPLOMATIC RELATIONS IN KOREA. HERE I'LL BE MARKING TWO EVENTS IN AUSTRALIAN-U.S. RELATIONS: THE 30TH ANNIVERSARY OF ANZUS, AND THE 40TH ANNIVERSARY OF THE BATTLE OF THE CORAL SEA.

WE'VE FOUGHT WARS TOGETHER AND TOGETHER KEPT THE PEACE. THAT MAKES FOR TIES THAT BIND.

THE ANCIENT CHINESE HAD A CURSE: "MAY YOU LIVE IN INTERESTING TIMES." WE'VE LIVED THROUGH SOME INTERESTING TIMES TOGETHER. MANY OF THOSE WHO FOUGHT IN THE BATTLE OF THE CORAL SEA DIED, AND MANY OF THOSE WHOM IT SAVED HAVE SINCE GONE.

THE ANZUS TREATY WAS CRAFTED BY STATESMEN SINCE DEPARTED, FOR A WORLD THAT HAS ALTERED ALMOST COMPLETELY. IT'S NOT JUST SHARED MEMORIES AND SIGNED PAPERS THAT HAVE KEPT US ALLIES.

THERE IS WHAT SIR NICHOLAS PARKINSON, MY GOOD FRIEND AND YOUR FORMER AMBASSADOR TO THE UNITED STATES HAS CALLED A "NATURAL ALLIANCE" BETWEEN OUR TWO COUNTRIES: ". . . A NATURAL ALLIANCE THAT EMERGES FROM THE MANY STRANDS, HISTORICAL AND CURRENT, TYING THE TWO PEOPLE. IT IS THIS, RATHER THAN THE FORMAL EXPRESSION OF THE SECURITY RELATIONSHIP EMBODIED IN THE ANZUS TREATY, WHICH IS THE LIVING CORE OR THE ALLIANCE, AND WE WOULD DO WELL TO REMEMBER THIS AND FOSTER IT WHERE WE CAN."

THIS NATURAL ALLIANCE

THIS NATURAL ALLIANCE OF OURS HAS PULLED US THROUGH, AND WILL CONTINUE TO PULL US THROUGH, THE CHALLENGES OF THE POST-MODERN WORLD. THE SOVIET UNION'S APPETITE FOR THE FREEDOM OF OTHERS IS AS RABELAISIAN AS EVER. SOVIET TROOPS ARE WAGING THE THIRD YEAR OF A BRUTAL WAR AGAINST THE AFGHAN PEOPLE--KILLING INNOCENT MEN, WOMEN AND CHILDREN WITH CHEMICALS OUTLAWED BY ALL DECENT SOCIETIES. LECH WALESIA LINGERS UNDER HOUSE ARREST. THE SOVIETS HAVE ALL SORTS OF JUSTIFICATIONS FOR THESE OUTRAGES. THEY ARE OBVIOUSLY WARY OF THEIR NEIGHBORS IN ^{EASTERN} EUROPE. ON THE OTHER HAND, IT DOESN'T MUCH SURPRISE ME. THEY SEEM TO BE THE ONLY COUNTRY IN THE WORLD SURROUNDED BY HOSTILE COMMUNIST POWERS.

THEIR FOREIGN ADVENTURES HAVE NOT, OF COURSE, HAD ANY EFFECT ON THEIR RHETORICAL OUTPUT, WHICH IS AS DISINGENUOUS AS EVER. SOVIET LEADERS HAVE MADE SPEECHES ABOUT THEIR DESIRE FOR A FREEZE ON NUCLEAR WEAPONRY, DESPITE THE FACT THAT SS-20'S HAVE SPROUTED LIKE FIELDS OF ASPARAGUS. I MIGHT ADD THAT'S ABOUT THE ONLY SOVIET HARVEST THAT HASN'T FALLEN SHORT OF QUOTA. IT OCCURS TO ME THAT EITHER COLLECTIVE SOVIET FARMING ISN'T WORKING, OR THE SOVIET UNION HAS GOT SOME KIND OF CHRONIC WEATHER PROBLEM.

BUT I HAVEN'T COME

When I was here in 82 I talked about our cooperation in...

look how much the world has done - thanks to all of us working together

-5-

BUT I HAVEN'T COME HERE TO DISCUSS SOVIET METEOROLOGY, OR AGRONOMY, OR OTHER DREARY SUBJECTS. I'VE COME TO EMPHASIZE THAT WE'VE STOOD UP AGAINST THEIR RECKLESS INTERNATIONAL BEHAVIOR TOGETHER. WE STAND TOGETHER ON AFGHANISTAN, ON POLAND. WE'RE WORKING FOR PEACE TOGETHER IN THE MIDDLE EAST THROUGH THE SINAI MULTINATIONAL FORCE AND OBSERVERS. ISRAEL'S HISTORICAL WITHDRAWAL FROM THE SINAI WAS COMPLETED ONLY LAST WEEK. THE PEACE PROCESS HAS GONE FORWARD, CAUSE FOR CELEBRATION IN A WORLD IN WHICH TOO FEW PROCESSES ARE PEACEFUL.

I THINK IT IS IMPORTANT TO NOTE THAT THE UNITED STATES--INDEED ALL THE FREE NATIONS OF THE PACIFIC DEEPLY APPRECIATE THE INCREASED DEFENSE OUTLAYS AND CAPABILITIES OF AUSTRALIA. THIS SACRIFICE IS A TRIBUTE TO THIS GOVERNMENT AND THE PEOPLE. IT IS A SACRIFICE ON BEHALF OF PEACE.

LET ME TAKE A FEW MOMENTS TO PUT IN PERSPECTIVE ANOTHER PROCESS FOR PEACE: PRESIDENT REAGAN'S INITIATIVES ON BEHALF OF NUCLEAR ARMS REDUCTION. THE ISSUE HAS BEEN CLOUDED A BIT, TO SAY THE LEAST. NO ONE IS MORE INTERESTED IN A REAL AND VERIFIABLE REDUCTION IN THE WORLD'S STOCKPILE OF NUCLEAR WEAPONS THAN PRESIDENT REAGAN. HE'S MADE A NUMBER OF OVERTURES TO THE SOVIETS, PROBABLY THE MOST SIGNIFICANT OF WHICH WAS HIS ZERO-OPTION PROPOSAL OF LAST NOVEMBER. IT WAS IN THAT PROPOSAL THAT HE ANNOUNCED HIS PLAN FOR THE DRAMATIC REDUCTION OF INTERMEDIATE RANGE SYSTEMS IN EUROPE. INTERMEDIATE

NUCLEAR FORCES TALKS

NUCLEAR FORCES TALKS ARE ALREADY UNDER WAY. HE'S MADE IT CLEAR, BY HIS ACTIONS, NOT JUST BY WORDS, THAT HE'S WILLING TO EXPLORE ALL AVENUES TOWARD ARMS REDUCTION. IF HE CAN SUCCEED IN CONVINCING THE SOVIET UNION TO CHECK ITS RELENTLESS QUEST FOR NUCLEAR SUPERIORITY, IT WILL BE QUITE AN ACCOMPLISHMENT. IT'S NOT AN EASY JOB.

THE BEST WAY, MEANWHILE, TO BRING THE SOVIETS TO THE NEGOTIATING TABLE--PERHAPS THE ONLY WAY--IS TO REMAIN STRONG, AND TO MAINTAIN A CREDIBLE DETERRENT. AN ADVERSARY IS MUCH MORE LIKELY TO NEGOTIATE IF IT IS TO HIS ADVANTAGE TO NEGOTIATE. WE STAND A MUCH BETTER CHANCE OF GETTING THE SOVIETS TO AGREE TO SOME REAL AND VERIFIABLE REDUCTIONS IF THEY UNDERSTAND WE'RE DETERMINED TO MAINTAIN A STRONG DETERRENT. PRESIDENT REAGAN IS COMMITTED TO RESTORING STRENGTH. WHERE THERE IS STRENGTH, OR BALANCE, THERE IS SAFETY. BUT UNFORTUNATELY THAT STRENGTH, AND BALANCE, ARE BEING ERODED BY THE SOVIET'S MASSIVE BUILD-UP.

DURING THE 1970'S

Chris
from VP

DURING THE 1970'S, THE UNITED STATES GREATLY REDUCED THE NUMBER OF ITS NUCLEAR WEAPONS IN WESTERN EUROPE. IN FACT, THE TOTAL U.S. NUCLEAR STOCKPILE IS AT ITS LOWEST LEVEL IN 20 YEARS. BUT THE SOVIETS ARE NOT ALTOGETHER UNSKILLED IN THE ART OF PROPAGANDA, AND THEY GO ON TRYING TO CONVINCE THE WORLD THAT THE UNITED STATES, AND NOT THE SOVIET UNION, IS THE REAL SOURCE OF THE NUCLEAR MADNESS. THEIR PROTESTATIONS IN THIS REGARD REMIND ME OF SOMETHING ONCE SAID BY THE MARQUIS DE CUSTINE, THE 19TH-CENTURY FRENCH NOBLEMAN WHO STUDIED RUSSIA AS DE TOCQUEVILLE STUDIED AMERICA. "WE MUST NEVER BLAME THE RUSSIANS FOR BEING WHAT THEY ARE," HE WROTE, "ONLY FOR PRETENDING TO BE WHAT WE ARE."

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THE UNITED STATES, AS I MENTIONED NEAR THE BEGINNING, HAS NO DESIRE TO DOMINATE AFFAIRS IN THE SOUTH PACIFIC OR ELSEWHERE. WE ARE A PACIFIC POWER AND WE'LL REMAIN A PACIFIC POWER. BUT OUR GREATEST STRENGTH LIES NOT IN AIRCRAFT CARRIERS AND SUBMARINES, BUT IN OUR FRIENDSHIPS, ENDURING FRIENDSHIPS WITH COUNTRIES SUCH AS AUSTRALIA. WE'LL CONTINUE TO LOOK TOWARD AUSTRALIA FOR COUNSEL AND COMPANIONSHIP, AS WE HAVE IN THE PAST. IF THAT DOESN'T MAKE FOR BANNER HEADLINES, IT'S STILL A BIG STORY. AND A GOOD ONE.

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**Remarks at the Welcoming Ceremony
for Prime Minister Robert Hawke of
Australia**

June 27, 1989

The President. Prime Minister and Mrs. Hawke, Barbara and I are very pleased to welcome you as old friends to the United States and to the White House. We had the opportunity to enjoy Australia's renowned hospitality in 1982 during Australian-American Friendship Week. And so, Barbara and I are just delighted to try to return that marvelous hospitality.

And there's another reason why it is so fitting for Australia's Prime Minister to be among the first official guests. Our nations share a similar heritage: a pioneer heritage in the taming of two vast continents, a heritage of democratic ideas, and a heritage of common sacrifice in war and common efforts in peace. And in our last visit, Barbara and I joined your countrymen in the commemoration of one of the most costly battles of the Second World War—the Battle of the Coral Sea—a poignant reminder of how much Americans and Australians have sacrificed four times in this century in the defense of freedom.

So, this is not just an alliance between two great powers. It is an intimate partnership between two peoples. And your visit reaffirms the vigor of this partnership, the enduring strength of our alliance.

The giant strides that we've made recently toward many of our common goals—major progress in arms reductions; major progress in resolving conflicts in Afghanistan, Angola, and Cambodia—all were made possible by the resolve of the West. Our countries prize peace, but recognize that peace comes only through Western strength and vigilance. And we must maintain our alliances and stand by our friends if we are to fulfill the promise of a new era of lessened tension and confrontation. And that is why the United States is so grateful for Australian leadership in our common defense.

America also admires Australia's bold leadership in foreign policy, both close to home and far from your shores. From the South Pacific to Africa, Australia is a force for economic growth and a beacon of democracy. And we value your contribution, your good judgment, and your advice.

Mr. Prime Minister, we have much to discuss at an important moment in history. Events in China call for close consultation among the free nations. And the United States and Australia have a longstanding tradition of such consultation on important issues. And I am interested in hearing your assessments of recent world events.

There are many pressing international issues. And, Mr. Prime Minister, your leadership in organizing global efforts to cope with the threat of chemical weapons is one position that is greatly admired by Americans. The United States supports Australia's efforts, and you may be assured of our commitment to the early achievement of an effectively verifiable treaty banning these weapons.

And so, today we shall discuss world events, arms control, trade, Pacific regional cooperation, economic cooperation, other subjects.

But, Mr. Prime Minister and Mrs. Hawke—Bob and Hazel, if you will—you have a busy schedule in your very brief time with us. But we hope to make your visit to Washington as pleasant and as memorable as ours was to your great country. Welcome to Washington, sir.

The Prime Minister. Mr. President, Barbara, it's an immense pleasure for me, in these 3 days in Washington, to renew our long friendship. And it is a special pleasure and privilege to join with you as the elected Chief of the greatest democracy in reaffirming the deep, abiding friendship of our two countries. In you, Mr. President, the Western World has an experienced and forward-looking leader. And in you, Australia has a valued and longstanding friend.

Today, as you've said, Mr. President, I look forward with you to continuing the exchange of views on all the issues affecting our countries in the spirit of friendship and of frankness which has always characterized our association and which befits the relationship and, if I may say, the partnership between Australia and the United States. As you say, Mr. President, we are meeting at a time of historic and far-reaching change across the world. There now exists unparalleled new opportunities, challenges, and, may I say, responsibilities for leadership and positive achievement on crucial issues of

peace and economic protection of the

You have President, your ership. Your West relation ative and bold conventional and other arm reducing nuc importantly weapons, you can count on Australia.

In this new stancy, the c alliance betw States will re national inter it has a wide significance. Zealand, Uni joint Australi ties in Austr: maintaining the effective mament agr our coopera highest level and more p time since A.

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peace and security, East-West relations, eco-
nomic progress, world trade, and the pro-
tection of the world environment.

You have already demonstrated, Mr. President, your determination to give lead-
ership. Your constructive approach to East-
West relations is demonstrated by your cre-
ative and bold proposal for the reduction of
conventional weapons in Europe. In this
and other arms controls endeavors aimed at
reducing nuclear armaments, and as you
importantly emphasize, banning chemical
weapons, you know, Mr. President, that you
can count consistently on the support of
Australia.

In this new and challenging era, the con-
stancy, the depth, and the vitality of the
alliance between Australia and the United
States will remain crucially important to the
national interests of both our countries. But
it has a wider regional and indeed global
significance. Under ANZUS [Australia, New
Zealand, United States security treaty], the
joint Australia-United States defense facili-
ties in Australia are significant elements in
maintaining the peace and in supporting
the effectiveness of arms control and disarm-
ament agreements. Over recent years,
our cooperation and consultations at the
highest levels have been stronger, broader,
and more productive than at any other
time since ANZUS was formed.

But, Mr. President, as we both agree, our
alliance goes far beyond our defense alli-
ance. It encompasses dynamic economic
links and broad and deep human and cul-
tural associations. But above all, it is based
on the firmest of foundations: our shared
commitment to democracy and to individ-
ual liberty within the rule of law.

Mr. President, it is precisely because of
the depth and the maturity of our relation-
ship that the differences of views that do
exist between us can be faced openly and
honestly as, for example, on some trade
matters, particularly aspects of agricultural
policy. I am quite confident that today we
will be able to focus on ways to minimize, if
not entirely resolve, such differences. I look
forward to exploring with you means of co-
operating in the current Uruguay round of
multilateral trade negotiations to achieve
some progress toward the goal that we both
want: an international trading system based
on free and fair competition.

I know that we both understand that
moving in the opposite direction toward a
world of separate and competing trade
blocs would be economically disastrous and
quite possibly strategically destabilizing.
That is one of the reasons, I might add, why
earlier this year I suggested the develop-
ment of closer regional economic coopera-
tion in the Asia-Pacific region. Implementa-
tion of my proposal could, I believe, im-
prove significantly the chances for success
in the Uruguay round, as well as acting for
a catalyst for further growth in our dynamic
region. I'm very keen, Mr. President, to ex-
change views with you on this proposal.
And may I say, Mr. President, that I indeed
welcome Secretary [of State] Baker's sup-
port last night for a new mechanism for
multilateral cooperation among the nations
of the regions as an idea whose time has
come. I am delighted that the United States
supports my call for a ministerial meeting
this year as a first step if, as I hope and
expect, there is consensus in the region.

Mr. President, I make this final point.
The American presence has been a prime
factor in creating and in maintaining the
conditions for stability and prosperity in the
Asia-Pacific region. America's continuing in-
volvement in our region remains a key to
its future progress. As you say, Mr. Presi-
dent, we have before us an imposing dialog
that we have to deal with.

What gives this visit and our discussions
their real substance, however, and what will
make them so mutually beneficial is the
sense of common purpose that we bring to
these matters based on our common nation-
al and international interests and on our
common commitment to peace and to free-
dom.

Mr. President—George—I thank you
again for the warmth of your welcome not
merely today but since I have arrived. May
I say, not just the warmth—[laughter]—
we're used to that. And I know you have
enormous power, perhaps more than any in
the world, but I know there are limits to
your power. [Laughter] That warmth is a
coincidence, but, George, there is no coinci-
dence about the personal warmth that you
have extended—that you and Barbara have
extended to Hazel and myself. For that, I
thank you. And I conclude, George, by

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saying this: You have visited Australia, as you say, as Vice President; and I look forward to welcoming you to our country as President of the United States and as a true friend of Australia.

Note: The President spoke at 10:10 a.m. at the South Portico of the White House, where Prime Minister Hawke was accorded a formal welcome with full military honors. Following the ceremony, the President and the Prime Minister met in the Oval Office.

Message on the Observance of Independence Day

June 27, 1989

Growing up in Connecticut—"the Constitution State"—the Fourth of July represented the best of holidays. It held the promise of parades, picnics, and fireworks. More important, however, it introduced a small boy to the promise of America.

Everywhere I turned, I would see the red, white, and blue of our flag. As I grew older, I realized that the flag has reminded generations of Americans how fortunate we are to live in a free and democratic Republic. It is a banner respected around the world. The Fourth of July is a day to pause and thank God that men such as Thomas Jefferson and Ben Franklin had the strength, courage, and insight to forge a nation predicated upon the noble ideal, "that all Men are created equal, that they are endowed by their Creator with certain unalienable Rights. . . ."

Today, as we celebrate the 213th birthday of our Nation's founding, let us recall the words spoken by President George Washington during his first Inaugural Address on April 30, 1789: "The preservation of the sacred fire of liberty, and the destiny of the republican model of government, are justly considered as deeply, perhaps as finally staked, on the experiment entrusted to the hands of the American people."

After 213 years, Americans can say that the experiment is a resounding success. The Fourth of July is a time to rejoice in this success, which has inspired all who seek to

break the shackles of totalitarian rule and breathe in the life-giving air of liberty.

Experience has shown us that success can exact a heavy price. We must never forget that this experiment in self-government continues to thrive because our Nation is blessed with an abundance of brave men and women who proudly serve in its Armed Forces. These individuals stand guard on the ramparts of liberty so that all Americans can say with pride and confidence, "I'm free."

To every American citizen, here and abroad, Happy Fourth of July! God bless you and God bless America!

George Bush

Toasts at the State Dinner for Prime Minister Robert Hawke of Australia

June 27, 1989

The President. Mr. Prime Minister and Mrs. Hawke—Bob and Hazel to us, to all of you—we are just delighted to have this opportunity to welcome you back to Washington, sir. I would once more reminisce about the fondness with which I remember our visit to Australia a few years ago, and then, of course, your own previous visits to Washington, DC, as Prime Minister. And now we have been delighted with your gracious company during this all-too-brief stay.

And lest you wonder about the Prime Minister's travel plans, it is my understanding that he and Hazel go right to the airport, climb onto an airplane, and will be seen smiling and greeting the Chancellor of the Federal Republic of Germany about 1 p.m. Federal Republic of Germany time. So, we will be brief, and—[laughter]. But I think the friendship that we feel towards our distinguished visitor is but a reflection of a deeper closeness.

Wilbur Garrett, the editor of the National Geographic, wrote that, "Both America and Australia exert an enduring fascination on each other, like brothers growing up in different parts of the world." Well, we've borne great sacrifices as brothers in war, and now we share great responsibilities as brothers in peace. And in this century, Aus-

tralia has risen in the eyes of England to a nation, in culture has taken note.

In classic film "Breaker Morán" Patrick White's characters are moving exactly as this culture. Australia's contribution to the world is a courage and a lamp of liberty in the East.

And so, Bob, to acknowledge personal leadership with ideas to partners of the world has been a champion of the nation's magnifying is a fitting principles. Little Americans, in Congress, joined that building architecture in ship. It's a kind of heritage, language. It is a brotherhood of

Recent events show that it is what he wants what he believes voice in the great economic freedom, indeed, depend on one is very timely mean consultation—and one our U.S.-Austrian

The United States to support them and, yes, human commitment and allies in strong and a stand with us free flow of ideals of freedom

So, ladies and Australia is

libertarian rule and
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George Bush

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tralia has risen in stature from a dominion
of England to become a nation, a great
nation, in culture and in the arts. The world
has taken note: Australia, the rising star.

In classic films like "Gallipoli" and
"Breaker Morant" and so many others—
Patrick White's Nobel Prize for literature—
are moving examples of why Australia is
emerging as this leading light in world cul-
ture. Australia has an even more profound
contribution to make to the world: the en-
couragement and spread of democracy.
Australia is the shining light in the Pacific, a
lamp of liberty for the oppressed peoples of
the East.

And so, Bob, let me just take a moment
to acknowledge your own outstanding per-
sonal leadership in the region. You've led
with ideas to better organize the trading
partners of the Pacific Basin, and you've
been a champion of freedom's cause. Your
nation's magnificent new Parliament build-
ing is a fitting monument to democratic
principles. Little wonder that so many
Americans, including Members of our own
Congress, joined you for the inauguration of
that building and even contributed to its
architecture in a reaffirmation of our kin-
ship. It's a kinship that is more profound
than heritage, deeper than a shared lan-
guage. It is the universal kinship, the
brotherhood of democracy.

Recent events in the Asia-Pacific region
show that it is not enough to let a man buy
what he wants. He must be allowed to say
what he believes. He must be allowed a
voice in the governing of the society. And
economic freedom alone and political free-
dom, indeed, go hand in hand. They
depend one on the other. And therefore, it
is very timely for us to meet, consult—and I
mean consult in the real spirit of consulta-
tion—and once again affirm the solidarity of
our U.S.-Australian alliance.

The United States is fully engaged in Asia
to support the forces of peace, democracy
and, yes, human rights. And our abiding
commitment to Australia and our friends
and allies in the region is going to remain
strong and abiding. And I know that you
stand with us, sir, not just in favor of the
free flow of goods but one of ideas and
ideals of freedom.

So, ladies and gentlemen, let me say that
Australia is a strong fellow democracy, a

very close ally of the United States of Amer-
ica. This visit, in my view, sir, has been an
outstanding success. We are delighted that
you have been with us, you and Hazel.

And now I would like to offer a toast to
Her Majesty, Queen Elizabeth, Queen of
Australia.

The Prime Minister. Mr. President—
George and Barbara—and friends, I think
the people of this country probably imagine
that they have a fair idea of the capabilities
of their new President, as well they should.
He has been in the public eye for a very
many, many years. I may say that Barbara
has given me a few insights into some as-
pects of his character that are probably—
[laughter]—not so well known; but I want
to assure you, my friends, that I've come to
learn, just in the last 3 days, that he has a
capacity for shrewdness which is almost
limitless.

It occurred on the golf course. [Laughter]
We were lined up there—the President, the
Prime Minister, [Secretary of State] Jim
Baker, and [House minority leader] Bob
Michel. And I know that my friend, Jim
Baker, will take no offense; and I, with my
well-known modesty, take no offense in ac-
knowledging that of the three of us, apart
from the President, there was not a doubt
that Michel is the best player. [Laughter]
So, with an innocence which was all bely-
ing, the President of the United States said,
"We will now work out who plays one with
the other." So, I thought that there would
be a fairly reasonable process that would be
followed. It was very exotic, I can assure
you. He gets his ball, and he takes a ball
from each of us. He puts his on the ground,
and he said, "Now, here they go." He said,
"The ball nearest mine will be my partner."
And there was no doubt which ball was
nearest his; it was Michel's, of course.
[Laughter] It was never going to be any
other way—a very, very shrewd operator.
[Laughter]

Now, we have shrewdness in sport, too, in
our country. George, I might say, I've had
the opportunity of sitting next to—here to
Sarah, who shares my passion for racing.
And I can tell you a brief, true story about
horse racing in Australia, which will give an
indication that there is certain shrewdness

in sport in our country. It's a true story, I can assure you.

It was a country race meeting out in the bush in Australia, and this event was a three-horse race—literally a three-horse race. This punter went up to the bookmaker and said, "I'll have \$5,000 on Blue Vein." And the bookmaker took his \$5,000 with a huge grin and shoved it into his bookmaker's bag and said, "Thank you very much. That's my horse." To which the punter replied, "It's going to be a bloody slow race, isn't it? I own the other two." [Laughter]

Well, my friend, George, coming to more serious matters, you and I and our two countries are not in a slow race. We're certainly not in a race in which we're not trying. It's an increasingly fast race. It's an increasingly serious race. It's a race which requires all of our commitments and our courage and devotion and best efforts.

George, you and I are both politicians. We've had a long experience in politics. It would be honest enough to say that there are times when you have to talk about persons, even perhaps sometimes when you have to talk about nations. And where there is no substance in the relationship with the person or the nation with which you're talking, as politicians you have to delve fairly deeply into the wells of rhetoric and platitudes to do justice to the situation.

But we're fortunately in the situation where we have to do nothing of that kind. Between our nations, there is an enormous, immeasurable substance. It's a substance, a relationship, which has been formed on the battlefields. On four occasions in this century, our soldiers have fought next to one another; they have died next to one another in defense of the fundamental beliefs that we share. And in the times of peace, our nations also have been as one in pursuing not only for the people of their own nations but for others the achievement of those ideals of freedom and liberty.

As for us as individuals, George, we have had the pleasure of not merely knowing one another but of being friends for the greater part of this decade, certainly a friendship which I cherish. And may I say to you, my friends, that in getting to know George Bush I've got to know a man whose integrity I admire, whose courage in defending lasting truths I admire, and whose

boldness in testing new frontiers of experience I have also increasingly come to admire.

It is the case, George, that you and I, through the responsibilities of leadership in our nations, have the experience now of living at a point in history which I would suggest by almost any definition is at one and the same time the most exciting and challenging of any time in this 20th century, certainly the most challenging and promising, in a sense, than at any time in the nuclear age.

We are entitled—the rest of us in the world—to say of the leadership of the United States in recent times that, by the discharge of your responsibilities, by the preparedness, as I say, to exercise boldness in testing new frontiers, that you have given us cause for a greater degree of optimism about the possibility of living in a world in peace than at any other time in the nuclear age.

When I was here 12 months ago, in speaking to a Joint Session of the Congress, I referred to that thesis which had been gaining some currency: that this was a nation in some sort of relative decline. I said then that was a thesis that I dispute, a concept that I reject, because all the evidence of recent times, in my analysis, points in the other direction. It is not merely a question of the continuation of your great economic might but on all the evidence of leadership that has been the courage of the previous administration of which you were such a leading part, and which you now, as President, have taken to new frontiers.

It is that courage, that leadership, that boldness which, with a certain responsiveness from the leadership in the Soviet Union, has offered to mankind, to this generation and to our children and to theirs, a greater hope for peace than at any other time in this nuclear age, which so frequently—almost consistently—has been fraught with the ultimate danger of obliteration.

And it takes courage, it takes strength, it takes leadership, it takes boldness to have done those things. And, George, I want to say to you that my country looks with enormous appreciation to what this country has done and what you now as President are doing. We thank you for the strength of our

alliance. May Ambassador-elect Betty—I than choosing them country. We them, and I Sembler as an that you attach

Our friends! our two coun vanced in pea dations. It inve that the peop United States a prosperity and tantly even th of our relation that we shall d see that those tured and w strength, our future shall be creasingly, as a enjoyed by m globe. That is our great oppo lenge.

And may I s an immeasural opportunity at ing with you countries so fir

Ladies and g toast to the Pr and to the abi ship of the Unil

Note: The Pres the State Dinin In his remarks, to Sarah Faris Bush family.

**Continuation
Assistant Secre
June 28, 1989**

The Preside David S.C. Chu Assistant Secre Analysis and Ev

frontiers of experience come to

that you and I, of leadership in experience now of which I would mention is at one of the most exciting and challenging and at any time in

most of us in the leadership of the times that, by the possibilities, by the exercise boldness that you have a degree of optimism of living in a way other time in

months ago, in of the Congress, which had been that this was a relative decline. I that I dispute, a cause all the evi- analysis, points is not merely a on of your great the evidence of the courage of the which you were rich you now, as v frontiers.

leadership, that tain responsive- in the Soviet ind, to this gen- and to theirs, a n at any other ich so frequent- been fraught obliteration.

akes strength, it oldness to have orge, I want to ooks with enor- his country has s President are strength of our

alliance. May I say in the presence of the Ambassador-elect, who I have just recently gotten to know—Mel Sembler and his wife, Betty—I thank you for your decision in choosing them as your representative in our country. We look forward to welcoming them, and I take your selection of Mel Sembler as an indication of the importance that you attach to our relationship.

Our friendship, as I say, the friendship of our two countries, forged in war and advanced in peace, rests on unshakable foundations. It involves a commitment to ensure that the peoples of our own nations, the United States and Australia, shall advance in prosperity and in security. But more importantly even than that, I think the strength of our relationship is in our commitment that we shall do everything in our power to see that those freedoms that we have nurtured and which have given us our strength, our pleasure, our hope for the future shall be freedoms and rights that increasingly, as a result of our efforts, shall be enjoyed by men and women around the globe. That is our great responsibility, it's our great opportunity, and our great challenge.

And may I say, George, for me, that it is an immeasurable pleasure that I have this opportunity at this stage of history of sharing with you the leadership of two great countries so firmly united.

Ladies and gentlemen, may I offer you a toast to the President of the United States and to the abiding friendship and partnership of the United States and Australia.

Note: The President spoke at 9:25 p.m. in the State Dining Room at the White House. In his remarks, the Prime Minister referred to Sarah Farish, an acquaintance of the Bush family.

Continuation of David S.C. Chu as an Assistant Secretary of Defense June 28, 1989

The President today announced that David S.C. Chu will continue to serve as an Assistant Secretary of Defense (Program Analysis and Evaluation).

Dr. Chu has served as the Assistant Secretary of Defense (Program Analysis and Evaluation) since July 1988. Prior to this Dr. Chu was the Director of Program Analysis and Evaluation in the Office of the Secretary of Defense, 1981-1988. Dr. Chu also served as assistant director for the national security and international affairs division in the Congressional Budget Office, 1978-1981; as associate head of the economics department at the Rand Corp., 1975-1978; and as a senior economist at the Rand Corp., 1970-1978.

Dr. Chu graduated from Yale University (B.A., 1964; M.A., 1965; M. Phil., 1967; Ph.D., 1972). He served in the U.S. Army from 1968 to 1970. Dr. Chu was born in New York City on May 28, 1944. He currently resides in Washington, DC.

Nomination of Alfred C. Sikes To Be a Member of the Federal Communications Commission, and Designation as Chairman June 28, 1989

The President today announced his intention to nominate Alfred C. Sikes to be a member of the Federal Communications Commission for a term of 5 years from July 1, 1988. He would succeed Mary Ann Weyforth Dawson. Upon confirmation by the Senate he will be designated Chairman.

Since 1986 Mr. Sikes has served as Assistant Secretary of Commerce and Administrator of the National Telecommunications and Information Administration in Washington, DC. Prior to this he was president of Sikes and Associates, Inc., a broadcast management and media consulting company, 1978-1986. From 1977 to 1978, he served as an officer in a number of companies that owned and operated radio stations in Texas, Louisiana, and New Mexico. He was director of the Missouri Department of Consumer Affairs, Regulation, and Licensing, 1974-1976; director of the Missouri Department of Community Affairs, 1973-1974; director of the Missouri transition government for Governor-elect Bond, 1972-1973; and campaign manager for Christopher Bond for Governor, 1972. He also served as

THEMES FOR ASIA TRIP

Overall

- America is an Asia-Pacific partner for the long haul
(America will not retreat into isolationism/protectionism)
 - Economically
 - Politically
 - Security
- As outlined in the President's Asia Society speech, there are six keys to America's long-term vision for the Asia Pacific. The trip will highlight each of these:

I. PROGRESSIVE TRADE LIBERALIZATION

- Aggressively pursue Uruguay Round Settlement (if still pending) (Japan, Korea, Australia)
- Promote APEC (All countries)
- Push access for American products and services (Japan, Korea)
- Encourage American investment in the region (Singapore, Japan, Korea)

II. SECURITY COOPERATION

- Maintain pressure on DPRK nuclear program. Stress need for united action against DPRK nuclear program (all countries; encourage Singapore to get ASEAN action during upcoming ASEAN Summit)
- U.S. will restructure, but remain engaged
 - Continued air and naval presence at current levels in Japan for the foreseeable future
 - Korea presence dependent on progress for lasting peace on the peninsula; however, envision long-term air presence for regional deterrence into the future
 - Singapore agreement as model for access arrangements of the future in other parts of the region

III. A SHARED COMMITMENT TO DEMOCRACY AND HUMAN RIGHTS

- Continue pressure on ROK (last visit by Pres. Bush made a difference)
- Lay out position on Vietnam (Singapore)
- Highlight China if necessary

IV EDUCATIONAL AND SCIENTIFIC INNOVATION

- Show link between domestic agenda and foreign policy
- Highlight S&T progress (all countries)
- Examine educational differences that we can learn from (Japan, Korea)

V RESPECT FOR THE ENVIRONMENT

- Note progress made and areas for improvement (Japan, Korea)
- Announce SE Asia initiative (if ready)

VI APPRECIATION OF DISTINCT CULTURAL HERITAGES

- Announce various cultural exchange initiatives (all countries)

U.S. Department of State

EAP
FAXDate: 12/11/91TO: Carol Aarhus - WH Speech StaffFAX Phone Number: 456-6218Addressee's Phone: 456-7750FROM: EAP/ANZ - Tom Robinson

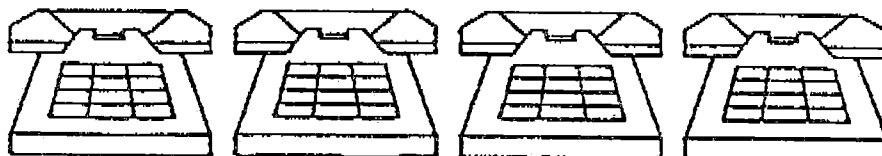
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Remarks: Carol - Here are the papers we discussed.
These will be semi-public meetings (with pool media coverage) so
the themes are important. Hope they are helpful.

Tom

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UNCLASSIFIED**MEETING WITH U.S. BUSINESS EXECUTIVES IN MELBOURNE****SCENESETTER****PURPOSE**

Your January 3 meeting with selected U.S. business executives in Melbourne is an opportunity to stress the following themes:

- You strongly support U.S. international business interests, and appreciate the contribution to the U.S. economy.
- U.S. policies help the U.S. in international trade, and thus benefit the U.S. economy.
- The close bilateral trade and investment relationship benefits both Australia and the U.S.

SETTING

The trade and investment relationship between the U.S. and Australia is extensive, with more than \$14 billion in U.S. direct investment in Australia and \$8 billion in U.S. exports last year. The bilateral trade balance is two to one in our favor. Many major U.S. firms operate in Australia, employing thousands of workers and generating billions of dollars in output and exports. These firms also benefit the U.S. by using U.S.-sourced parts, equipment and technology, using Australia as an export base for the region, and repatriating profits to the U.S.

Pool media coverage of this event is anticipated, offering you a chance to tell not only the business participants, but a larger audience about how the Administration's domestic and international economic policies are aimed at strengthening U.S. competitiveness, exports, and employment.

The participants will be approximately 40 senior executives of U.S. firms in Australia (U.S. and Australian nationals). They may express concern about the negative impact the EEP on the Australian economy. The meeting will take place in the World Congress Center in Melbourne, the site of your later luncheon speech on broader regional themes to a much larger and broader audience.

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UNCLASSIFIEDPOINTS TO BE MADE AT MEETING WITH BUSINESS EXECUTIVES

- I'm glad to have a few minutes to meet with you today. As you know, before entering politics I was active in business.
 - o From that experience I learned that America is first amongst economic powers, and will remain first only as long as we stay engaged in world markets.
 - o You all help us do that.
- We in Washington, both in Congress and the Executive Branch, need to be aware of how our actions affect U.S. business interests in the increasingly competitive global market place.
- American investment in marketing and production here makes an important contribution to both the Australian and U.S. economies.
 - o These business relationships are a key factor in the strong partnership between the U.S. and Australia.
 - o Your efforts are also important to both our economies in terms of growth, exports, and employment.
- I am pleased particularly to see representatives of many of our leading-edge high tech firms here today.
 - o You are contributing to competitiveness in both the U.S. and Australia.
- My administration is committed to maintaining a strong, dynamic, competitive American economy.
- In the last three years we have taken a number of important initiatives in the U.S.:
 - o At the Charlottesville Summit state governors and I focussed attention on the need for excellence in education, since an educated workforce is the key to a productive society.

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- 2 -

- o We have harnessed the Energy Department's famous research and engineering laboratories to advance technological education where it begins, in the nation's primary and secondary classrooms.
 - o The Council on Competitiveness led by Vice President Quayle has actively reduced unnecessary regulation and developed policies to improve U.S. competitiveness at home and abroad.
 - o Other initiatives - investment and R&D tax credits for business? (WH to insert domestic business initiatives.)
- Equally important as these specific initiatives, we have sought to establish an overall economic climate conducive to economic success
- o Inflation, the enemy of export competitiveness, has been kept firmly under control and is less than 3 % this year, down from 6 % in 1990.
 - o Our trade and current account deficits, long problem areas, are moving strongly in the right direction.
 - o We have sought to reduce the capital gains tax in order to encourage savings and investment, and I will bring this proposal to Congress again this year
 - o We have pressed doggedly ahead in the Uruguay Round to open world markets for American goods, services, and investment, to better protect U.S. patents, trademarks, and copyrights, and to establish a fairer system of world agricultural trade, especially the elimination of export subsidies.
- We in government serve best when we focus on creating a sound economic environment with clear rules fairly enforced.
- o You in the business community have the challenge to develop and deploy technology, manage an educated workforce, and produce and sell quality products at competitive prices.
- We have a few minutes available, and I would welcome taking your questions, or hearing your views on how my administration can help your firms meet these challenges.

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UNCLASSIFIEDINAUGURATION OF
THE AUSTRALIAN CENTRE FOR AMERICAN STUDIESSCENESETTERPURPOSE

The purpose of this reception at the Ambassador's residence is to inaugurate the Australian Centre for American Studies (ACAS), honor its corporate and academic backers, and to signal U.S. support for its aims. You may also use this opportunity to acknowledge and support an education initiative to study expanding educational interchange between our two countries should Prime Minister Hawke propose it to you (and should you agree to it) before this meeting.

SETTING

The ACAS is a new national institution located on the campus of the University of Sydney. The University of Sydney has provided initial funding and office space for the Centre. Funding has also been provided by the private sector; companies include Caltex, Rockwell and others with ties to both countries. In connection with the inauguration of the Centre by you, the United States Information Agency is contributing US \$50,000 to support the Centre's programs.

In 1988, Prime Minister Hawke similarly helped to launch the Center for Australian Studies at the University of Texas at Austin. The Australian Government contributed A\$ 50,000 toward the Texas Center's establishment. The establishment of the Australian Center completes a "sister" center arrangement.

The Centre will encourage joint research projects and will sponsor seminars, possibly including workshops for teachers of American studies in Australian high schools. Most funding will come from the corporate sector.

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POINTS TO BE MADE AT MEETING WITH ACADEMICS
(DEDICATION OF AUSTRALIAN CENTER FOR AMERICAN STUDIES)

- Thank you for joining me in launching the Australian Centre for American Studies.
 - o Our two nations share much in common -- culturally, historically, even linguistically. But differences do exist, and we can and should do more to foster greater understanding.
 - o There is much that we can learn from the other: in education, the sciences, trade and economics. Study and exchange in these areas will not only benefit our two nations, but enrich the lives of those involved.
- Mutual understanding is not only enriching, but also is a vital prerequisite to peace and prosperity.
 - o The Fulbright Program has brought about the exchange of tens of thousands of Australians and Americans. Among the many distinguished alumni of that program are my host in Sydney yesterday, Nick Greiner, and U.S. Ambassador Tom Pickering, who received his Master's Degree from Melbourne University.
 - o The benefits of educational interchange come in many ways. The late Gordon Samstag, an American artist who taught at the South Australia School of Fine Arts, endowed that school a scholarship fund of six million dollars to support Australian students' study abroad.
- Earlier today Prime Minister Hawke spoke to me about his desire to expand educational exchange between our two countries. I support this initiative and look forward to getting the recommendations of the panel of U.S. and Australian educators and officials who will be reporting to us on how to proceed.
- In 1988, Prime Minister Hawke helped to launch the Center for Australian Studies at the University of Texas at Austin, contributing 50,000 Australian dollars to the Center. Today I am pleased to announce that the United States Information Agency is similarly contributing 50,000 U.S. dollars to the Australian Centre for American Studies.
- I hope this center will lead to an expansion of American studies in Australia.
- The challenge the future holds is for us to find new ways to increase mutual understanding. I am confident that the Australian Centre for American Studies will open many new ways.

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PRESIDENTIAL REMARKS: BUSINESS LUNCHEON
MELBOURNE, AUSTRALIA
FRIDAY, JANUARY 3, 1991

[Acknowledgements.] Thank you for that introduction, and for the honor of addressing this luncheon. // Your National Anthem speaks of a land "abound[ing] in Nature's gifts, of beauty rich and rare." // Barbara and I feel richer for the rare privilege of being with you today. //

Ten years ago this May, I visited Australia to mark the thirtieth anniversary of the ANZUS Treaty. / Last June, my friend, Prime Minister Hawke, made his fifth visit to Washington, ^{his} where we met in the Oval Office. // What ~~he said then~~ ^{he said ~~this~~ on ~~the~~ campaign}, I repeat today: "What we want is not going to fall into our lap. The obligation is to work together to get it." //

I am here to talk of that work -- and how, together, Australia and America can build a better world. / We will build it through fidelity to freedom, and private enterprise. / We will build it through trade that is both free and fair. / Our friendship is based on common language, heritage, and origins. We must use it to promote prosperity at home and democracy abroad. //

Yesterday, I was reminded of this alliance in a vivid, moving way. I visited the Australian War Memorial, and saw the graves of heroes who gave their lives so that mankind might be

free. // We have stood side-by-side in World War I -- where, incredibly, more Australians died than Americans -- and in World War II, Korea, Viet Nam, and of course, the Gulf. // We have sacrificed in war to achieve a better peace. Working together -- fighting together -- for a world where the force of law outlasts the use of force. //

We term this the New World Order -- a world of peace, opportunity, and human dignity. It is as inevitable -- though not as imminent -- as tomorrow. // It is a vision Australia is helping shape. You have encouraged a larger role for the United Nations -- and I salute you. / You helped shape the framework for the Cambodia peace settlement agreed to by warring factions -- and I assure you: Here, too, we will work together. America will not abandon the search for stability in this region. //

More than 150 years ago, President Andrew Jackson appointed J.H. Williams as the first American counsel in Australia. / Arriving from Boston, Williams was greeted by an editorial: "We regard his arrival," read the Australian paper, "as a pledge of increasing intimacy between the two countries, from which mutual advantages may be expected to flow." //

One year ago, in the Persian Gulf conflict, the world saw what those "advantages" meant. You were quick to condemn the Iraqi invasion / to endorse economic sanctions / and to send ships to engage in the multi-national coalition. / I want to thank you for sending your medical teams and special divers, as well -- and for providing humanitarian relief, such as medical

personnel and water purification equipment and services, to Kurds and Iraqis fleeing Saddam's oppression. //

Last year, Australia stood fast so that liberty could stand tall -- yet such insight is hardly new. // For years, you sought to focus world attention on what today are world concerns. For instance, in 1984 the "Australia Group" was created -- and its twenty-two nations now are dedicated to preventing the use and spread of chemical and biological weapons. // To global problems, you believe in multilateral solutions. You know that the Old Isolationism is really the Old Ignorance. //

There are those who predict that recent events in Europe and Asia will create a more isolationist America. They could not be more wrong. // We've been down that road before -- and, believe me, it's a dead-end street. America once tried to isolate itself politically, and ended up fighting two world wars. We tried it economically -- and the result was a world depression. //

We are all children of the same humane and loving God. We are all also members of the same world community. // So we intend to intend to strengthen our already steadfast commitment to Asia and the Pacific region. // We want to expand democracy, free expression, freedom of worship, and, yes, free markets. // Working together, we can increase the two-way trade between this region and US which already totals over \$300 billion. //

You know, someone mentioned to me that the flag of Australia is the only one to fly over a whole continent. // You're like that other Nation, my native Texas. / You do things big. // So

it is with trade. / We must reject the protectionism which shrinks markets and throws people out of work. We need cooperation, not confrontation, to increase trade and open markets -- securing the prosperity which stems from jobs. //

In the United States, nearly half of our GNP growth between 1985 and 1990 flowed from exports. ~~Two years ago,~~ ^{In 1990} our

merchandise exports to Australia were \$8.5 billion -- up \$188 million from 1989. ^{In 1990,} ~~overall,~~ the United States exported ~~nearly~~ ^{more than}

~~\$700~~ ^{\$520} billion of merchandise and services -- supporting, directly and indirectly, a record 7.2 million jobs. //

I salute Prime Minister Hawke for policies to foster greater openness and competitiveness in the economy. They have created in the elimination of most import quotas, and reductions in domestic subsidies and tariffs. // I also applaud how you have helped strengthen the international economic system -- spurring a regional effort to promote freer trade by eliminating trade barriers and establishing common __. //

The Australian poet, Adam Lindsay Gordon, wrote, "Question not, but live and labour till yon goal be won." The Prime Minister labored to create the Asia-Pacific Economic Cooperation (APEC), a key economic forum. Since APEC's first ministerial meeting in Canberra 2 years ago, it has mobilized all fifteen participants to push for substantive progress in the GATT Uruguay Round. / APEC has also explored ways countries in this region can cooperate to achieve sustainable growth, increase employment, and preserve the environment. APEC's goal is also ours: To

USR
David
Walters

?

promote economic cooperation among Pacific Rim market economies, including the United States. //

It is true America and Australia generally agree on goals. It is also true that sometimes we differ on means. // One difference is use use of the Export Enhancement Program (EEP) to counter the agricultural subsidies of the European Community. I Let me be clear: I oppose such subsidies. They burden the taxpayer. They reduce the benefits of free trade. They make industry less competitive. //

In an effort to defuse tensions over EEP, an Australian delegation recently met with a team from our Department of Agriculture. We heard your perspective on the current world market situation, and your plea for sensitivity to Australian trade. / Australian officials have expressed interest in holding follow-up talks early in this new year. I hope that the long-term gain for Americans and Australians from a successful Uruguay Round will outweigh the short-term pain. //

I have agreed to greater bilateral dialogue on this and other economic issues. We must, and will, seek understanding in the future -- just as we have in the past. // We can be proud of working together over the last five decades. Yet a record is not something to stand upon. A record is something to build upon. //

We must expand our bilateral relationship in ways which will benefit mankind from __ to New Hampshire. // We all share the same environment. So last April, we agreed to pursue energy policies which will increase exports while preserving our natural

resources. // We know -- as Disraeli said -- that "our children are the trustees of our posterity." So yesterday we launched the Australian Center for American Studies. This new national center will expand bilateral links by developing programs of practical value to business, education, and the universities. / We hope this new center will be a forum where interdisciplinary study and contemporary debate will cause future generations to say of America and Australia, in the words of the great Protestant hymn: "Bless be the ties that bind." //

These ties are economic, military, social, cultural. They rest on shared values -- love of family, faith in God, pride in country, love of the unknown. // The first pictures of Neil Armstrong's adventure on the moon were beamed from Australia's radio telescope at Parkes to a waiting world. Later, in return, Apollo XV was named "Endeavor" after Captain Hook's ship -- in the hope of many future endeavors between our two Nations.

This new year, let's look forward to our next century together. It is indeed our "obligation" to expand the bonds of friendship for ourselves, and our children. Let's help them meet the challenges of their time, as we have in ours: Building the peace / creating jobs / increasing the benefit of God's bounty for all. Thank you very much, and may God bless Australia and the United States of America.

#

States.

Let me assure you that we, too, are committed to remaining engaged throughout the world. There are those who predict that recent events in Europe and Asia will lead to a more isolationist America. This could not be farther from the truth. America tried to isolate itself politically from the world in the past, and ended up fighting two bloody world wars. We also tried economic isolation that only helped to set off a devastating world depression.

We plan to strengthen our already steadfast commitment to Asia and the Pacific region in the decades ahead. For one reason, this area has become our largest and fastest-growing trade partner. Two-way trade between the region and the US now amounts to more than \$300 billion.

Cooperation and dialogue on economic issues can only benefit our respective economies. We must continue this openness in our relationship, and work for greater collaboration in our trade relations, particularly as we both continue to face economic difficulties on the domestic front.

The American economy and American jobs increasingly depend on free trade and open markets. In the United States, nearly half of our GNP growth between 1985 and 1990 was attributable to exports. ^{In 1990} Last year, our merchandise exports to Australia were \$8.5 billion, increasing \$188 million from 1989. In 1991, the United States exported nearly \$700 billion of merchandise and services. A record 7.2 million jobs were supported directly and indirectly by U.S. merchandise exports alone in 1990.