

**F. OVERALL TRADE PROSPECTS IN THE AUSTRALIAN MARKET**

In view of the significant changes envisaged for the Australian economy, a greater awareness on the part of the Canadian business community of the potential offered by the Australian market and favourable environmental factors such as: lines of credit; double taxation agreement; and direct air links, there would appear to be greater scope for Canadian participation in Australian economic development than ever before. With anticipated expenditure on resource-based development over the next five years estimated to be in the order of \$60 to \$70 billion and a per capita income already more than four-fifths the Canadian level, the outlook for further growth and diversification of Canadian exports to Australia is particularly bright. The preferential tariff rates that are applied to Canadian imports provide a relative price advantage to Canadian firms against products from other exporting countries. Now that the preferential rates once enjoyed by British companies have been revoked, Canada's competitive position is further enhanced.

While steady progress has been made in the postwar period in the development of an industrial base in Australia, it is considered unlikely that local production will be sufficient to supply all the industrial and consumer needs projected over the next 10 years. Even though there are high Australian-content requirements in the various capital projects in particular, supply bottlenecks in Australian industries are likely to occur, so that imports may account for between 20 per cent and 30 per cent of the inputs required for each resource project or power station. For the Canadian exporter, therefore, those mineral and energy-related projects open up opportunities to export capital equipment goods and services needed to supply the various projects and the infrastructure developments that they will entail.

The development of the North West Shelf Natural Gas reserves in Western Australia will likely be the target project undertaken over the next decade. That initiative, valued at some \$7.3 billion, involves development of an offshore gas field, an underwater pipeline, gas plant, liquid nitrogen gas (LNG) storage and marine loading facilities, construction of LNG carriers and a 1,500 km (932 mile) pipeline. Other growth sectors include ferrous metals (iron ore), non-ferrous metals (aluminium, copper, nickel, uranium, coal), petrochemicals, forestry and infrastructure upgrading, energy (thermal power, including transmission), communications and port development. It is estimated that, in areas where Canada has an established supply capability (i.e. power generation, forestry and non-ferrous metals), the project potential for such expertise is in the order of \$1 billion. (A list of selected Australian projects is attached as Appendix II.)