Australia is the twelfth most important trading nation in the world. The sea-lanes, carrying our exports to foreign markets and bringing in needed imports, are our economic life-lines. Our solvency depends on our ability to sell our products abroad to pay for the imports essential to our development needs.

We are a long way from our foreign markets and our sources of import supply. It is readily seen, then, how important are the international shipping services to our producers, whether primary or secondary, exporters, importers, and the consumers. Freight costs are high and have a significant effect on prices of goods carried in ships. Involved are the condition of our economy, the maintenance of our growth rate, the rise in population, the health of our rural industries ... which produce about 70% of our total goods for export ... and the development of our secondary industries.

We must sell to live. Our wool, wheat, sugar, dairy products, manufactures of many kinds are shipped to the far-flung markets wherever they can be found and developed ... we sell carpets to Canada ... soup powders to Senegal ... beef to Bahrain ... and even sausages to Singapore.

In the last financial year our exports earned us $3045 million, and imports valued at $3268 million were shipped here from foreign sources. In our balance of payments, the figure for freight and insurance payable on our imports in 1967 was $377 million. The figure for freight and insurance on our exports is not recorded in the balance of payments, but would be of similar magnitude.

It is therefore of great interest when a reduction in shipping freights ... incidentally, the first since 1936 ... are offered. The reductions, announced for the Britain-Continent trade for the next year, were offered despite increased stevedoring costs and several disruptions to shipping services. Agreements negotiated with the Conference lines based on the new rates will involve a saving of 70c. a bale on wool shipped from Australia to Europe. In an average year about 2,300,000 bales are shipped on this route, so the cost saving to the wool industry would be $1.6 million. A freight rate decrease applies is offered also for canned fruit, manufactured goods, beef and butter, among other products.

What happened to bring about this most welcome improvement in freight rate. The magic word behind the freight rate decreases
is 'Rationalisation.' Briefly, rationalisation means the concentration of shipping cargo into the smallest number of sailings compatible with the needs of exporters.

The story of its establishment goes back to 1964, when the Federal Department of Trade and Industry made a study which revealed that considerable savings could be made by operating and scheduling all the ships in the Britain-Continent service as a single fleet. This investigation took into account the flow of cargo, reducing the number of port calls by each vessel on each voyage, and eliminating duplication of port calls. The aim: improve the efficiency and economy of the shipping service.

The scheme was implemented in September 1966 by the Britain-Continent Conference, in respect of sailings for the Australian trade.

In July this year, the Chairman of the Australia-Europe Shipping Conference, Mr Staniland, said changes for the better had resulted in almost all areas of operations. In both outward from Europe and homeward trades, the number of ports of loading and discharging in each voyage had been reduced significantly. Ships had loaded at 12% fewer ports in Australia, and discharged at 20% fewer ports in Europe. The average outward voyage took 3.26 days less, while the northbound voyage (from Australia) was reduced by 6.2 days. This, however, partly reflected the introduction of new vessels and the improvement of cargo handling speeds compared with 1966.

The freight-rate reductions were welcomed by Mr Campbell, Chairman of the Federal Exporters Overseas Transport Committee. He pointed out the potential benefits that could flow from efforts to improve the presentation, handling and packaging of products for export. Shipping companies would sympathetically consider freight reductions in cases which involved cost savings. Wool interests, said Mr Campbell, well put forward a case, because of changes taking place and which were likely to take place in handling and packing of wool.

There are other changes which reflect a new era of development in shipping as far as Australia is concerned. One of these is the
decision by the Federal Government to enter into the international trade via a joint-venture arrangement within the north-bound conference.

Under this plan, a new Australian ship will enter into the Japan-Australia trade with Japan's K-Line. It has been proposed that the Japanese line also operate a ship under this arrangement to provide a regular service by fast vessels.

The Australian vessel is to be the roll-on roll-off design, of the type operated by the ANL in the Australian coastal trade. These vessels, which also have facilities for container handling of cargoes, have reduced turnaround times and cargo handling costs.

The vessel which will be built for Australia in the K-Line arrangement is to be of 11,000 tons dead-weight, and will have facilities for containers. Hopes have been expressed that the arrangement will be in operation some time next year. It is also hoped that success in the scheme would lead to further co-operation by the two countries in this field, as it is the Government's policy to have Australian ships in international trade when that could be shown to have reasonable prospects of success.

Investigations carried out for some time on the possibilities of moving into the international shipping business had shown that the best prospects were in trade with Japan, the country that is our biggest trade customer. Last year Australia exported goods valued at nearly $643 million to Japan, and our imports from Japan were worth more than $343 million.

Further investigations along these lines were given a brief airing in Federal Parliament recently. The Prime Minister, Mr Gorton was asked if there was any truth in reports that the government intended to invest between $30 million and $40 million in a British shipping company and have ships of the Australian National Line operate in association with ships of the British company.

The Prime Minister replied that the Minister for Trade and Industry, Mr McEwen who would be visiting Geneva soon on international
sugar talks would make inquiries in London 'relevant to possible Australian participation in shipping.' He added that the Government was interested in carrying some Australian goods in Australian ships, as had been evidenced by arrangements made with the Japanese K-Line.