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PRIME MINISTER

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My visit to your country is the first I have made to a major power since becoming Prime Minister. It is no accident that this is so. It is a matter of deliberate choice and considered priority.

Our bilateral relationship with Japan is of the utmost importance. And there is no country which has a great role to play in the future of Asia and the Pacific.

In achieving the conditions for stable and peaceful development in this region, Japan's contribution will be crucial. We also believe that Australia has an important part to play in achieving this goal.

During the last few days I have spoken several times about the trade and economic relationship that exists between us. This relationship is enormously important in itself. It is also important in that it provides a secure foundation - based on mutual advantage, complementary resources and need - on which to build a wider, more comprehensive relationship.

The Treaty of Friendship and Co-operation which your Prime Minister and I have signed recognises the fundamental importance of our economic relationship. The treaty seeks to strengthen our economic relations and place it on a more reliable and dependable footing.

But it is more than that. The Treaty's overriding significance is that it provides tangible evidence of a will on the part of Australia and Japan to lend greater political substance to our dealings and work towards more certain relations based on close friendship, understanding and shared interests. It is one indicator of Japan's importance that Australia has not entered such an agreement with any other country.

It is the non-economic aspects of our relationship that I would like to focus on today.

Japan and Australia are two democratic and economically developed island countries. Both can either be described as being on the western rim of the Pacific basin or as adjacent to the Asian continent.

The different descriptions are not without significance. They indicate the need, the necessity, for our countries to concern themselves with possibilities and problems in both directions.

More immediately, our two countries share a number of interests and concerns. We are both democratic states with a respect for democratic institutions and for the human rights implied by these institutions.

In a world where these institutions are under increasing challenge, our two countries bear a heavy responsibility to show that democracy has the capacity to respond to the ever-changing demands made upon it. We further share a deep concern for the maintenance of peace and security in the Asian-Pacific region.

The maintenance of a stable balance between the great powers is of critical importance to both of us. This is, in fact, a concern that we share with all those concerned for the maintenance of peace and stability.

Both of us have fundamental alliances across the Pacific, with the United States of America.

Apart from our own efforts, it is to these alliances more than anything else, that we look as a protection for our security. We therefore have a common interest in ensuring America's continued interest in and commitment to the West Pacific.

This is not just a selfish interest. It is based on a recognition that a convincing American presence is the key element in the maintenance of peace and stability in the region as a whole.

When it seemed that the American presence in Asia could be taken for granted it was subject to much hostile criticism - much of it from outside the region. Now that it is less certain, its value is much more widely realised.

Now, those countries which place a high value on their American alliances should both make this clear and act in ways which will encourage a continuing American participation.

While there are inevitable difficulties from time to time in relating to a country as powerful as the United States, these should always be seen in the context of the long term importance of this participation.

Australia will be doing what it can to facilitate the performance by the United States of the role which only the world's greatest free power can play.

China also has a key part to play in the stability of the region. During my visit to Peking, I shall be concerned to see how China perceives her role.

Australia shares with Japan, a concern for stability in the Indian Ocean. Trade links vital to both of us pass through this Ocean.

The Australian Government has supported the development by the United States of logistic facilities at Diego Garcia because we believe that stability in the area requires a balance which these facilities will help to maintain.

It is, of course, our strong hope that the superpowers will not embark on unrestricted competition in the Indian Ocean, but rather that the balance can be maintained there at a relatively low level.

The Australian Government is fully aware that in North East Asia Japan is necessarily involved in one of the most complex and difficult international situations which exists today. A situation involving four of the great powers and a bitterly divided country. A situation which requires the utmost delicacy and patience, and in which there are no easy options.

In this context we welcome the Japanese Government's ratification of the Non-Proliferation Treaty. We recognise what was involved in deciding to remain the only one of the four major powers in the region to forego nuclear weapons.

In a world threatened by nuclear proliferation it sets a courageous example.

The region in which the interests of Japan and Australia come closest together is South East Asia. For you this region is obviously important in terms of trade and investment, and also because some of your most important trade routes pass through it. For us, it also has great strategic, political and economic importance.

Australia will be seeking to establish as broad relations as possible with the countries of South East Asia. We want to identify and develop further areas of practical cooperation on shared political and strategic interests. Mutual non-interference between states and a commitment to the peaceful resolution of differences is of course, essential to the peaceful development of the region.

It would not, we believe, be in the interests of the region's peaceful development for mutually exclusive groupings to develop which could foster antagonism at the expense of social and economic development.

Australia stands ready to explore with the new Governments in Indo-China, the development of relations of mutual benefit.

But I would suggest that for both our countries South East Asia has an importance which transcends all these considerations. The countries of this region have a claim on us in human and moral terms. We, in our relations with them have our most serious opportunity to show our capacity to be good and responsible citizens in our part of the world.

Let me be quite clear about this. What is involved is not merely a matter of giving material aid. Nor is it a matter of Australia and Japan getting together to work out some schemes of assistance. The countries of South East Asia would rightly scorn such an approach. They are proud and resilient countries who value independence above everything.

The thing which they value most is the respect which is rightfully theirs. In terms of assistance, there must be full and adequate consultation.

Japan was the country which first successfully overcame the problem of moving very rapidly from a traditional to a modern society. It must have much to offer others who are following the same path.

These obligations are not, of course, peculiar to Japan and Australia. They are obligations on all the developed countries which have been involved in South East Asia. And our two countries, as two of the world's great trading nations have interests and responsibilities which extend far beyond the region.

This is particularly true of your country. A country with the economic dynamism and the social energy of Japan has the opportunity to play an equivalent political role in the international sphere.

This is particularly true when international relations are dominated by economic issues. Economic issues which not only vitally affect you but on which you are singularly well equipped to contribute.

In the last twenty-five years, Japan has astonished the world with the fastest economic expansion in human history, with its output growing at an annual average of 10%. The qualities that made this possible are ones which can make an immeasurable contribution to the peace and prosperity of the world during the remaining twenty-five years of this century, should you so determine.

Given the similarity of our independent objectives it is clear that the further development of the relations between us, foreshadowed in the Basic Treaty, can be of great benefit to all countries of that region.

The prosperity of both countries is secured the more our relationship develops, and out of that prosperity comes a greater capacity to help - in our own ways - the developing countries of the region.

Ours must be an outward looking relationship, conscious of the responsibilities we have to the developing nations.

How we co-operate together over the coming years will depend to a considerable extent on how well we understand each other and can empathise with each other. This will depend on how well we understand each other's cultures.

It is unfortunately true that cultural relations are sometimes treated by politicians as not quite a serious matter, not quite as serious as, say trade and technology.

This is a profound mistake. For two peoples as different in their heritage as our two peoples are, a deepening of relationships will ultimately be dependent on a further understanding of each other's cultures. It will require an extension of opportunities to meet in circumstances which promote such understanding.

Unfortunately, even when Australians and Japanese see each other there is often no real meeting of minds. They see each other from behind the tinted windows of tourist buses, or within the security

of groups of their fellow countrymen, or in the formal conditions of conferences.

This is a state of affairs which we are concerned to see change. The signature in 1974 of the Australia-Japan Cultural Agreement was a valuable step towards the promotion of mutual understanding through cultural exchange. The establishment this year by my Government of the Australia-Japan Foundation will be a further significant step, as will also the opening of an office of the Japan Foundation in Sydney.

The effects of these and similar measures will not be immediate or dramatic, but we believe that in the long run they will be real and significant.

I would like to turn now to say something about the discussions your Government and we have had in the last few days.

These discussions have covered the whole range of our relationships. They have been the kind of discussions which two countries as closely linked as ours ought to have.

One of the most striking aspects of these discussions has been the accord we have found between the two Governments on all fundamental matters. In Foreign Affairs I have found that the perceptions we have of the world are similar. Obviously geography - Japan in the north, Australia in the south - gives us different emphases and at times differing immediate concerns. But in our broader understanding of reality there are marked similarities.

In Trade - as your Prime Minister has impressed on me - there is a great responsibility on the developed nations. We agreed on the desirability of a reduction in trading barriers for the well-being of the international economy.

We agreed that stability of trade is of great importance and that trading difficulties can be overcome by sensible discussion and restraint between trading partners who have much to gain through co-operation.

In the past there have been some disruptions in both directions;

- * actions we have taken to protect our industries have restricted Japanese manufacturers' access to our markets.
- * the policies we have now developed in relations to Nissan and Toyota have been welcomed by Japan and by the companies concerned.
- * we in our turn have welcomed the re-opening of your markets for beef.

I have emphasised that where difficulties arise there should be a shared responsibility to overcome them.

- * In relations such as ours, within the spirit of the Treaty, stability of Trade requires that markets should not be unduly disturbed or utterly denied.

There should be a sharing of the burdens, so that neither the producers of one country nor the consumers of the other are unduly disrupted.

I have indicated also that we welcome Japanese investment. Historically investment in Australia has come from other sources. Change is inevitable. Japanese investment will help to secure stability of supply: participation in joint ventures will help provide certainty of market access.

Throughout the discussions I have emphasised our determination to be a reliable supplier of those materials necessary for your factories - for your prosperity.

I have stressed the need for our industries to achieve proper commercial results through commercial negotiations. I have indicated that it is only in exceptional circumstances that Government intervention would be necessary. I am impressed by the way Japan is conquering her economic problems. Australia too has been tackling similar problems with vigor in recent months, and we too, are making progress.

There are still many matters which Ministers and Officials will be pursuing in greater detail. One of these will be a review of the Commerce Agreement.

Our discussions have shown that the treaty we have just signed indeed reflects and reinforces a developing relationship of benefit to us both.

I look forward to seeing Japan and Australia extend their links in future years.