



# PRIME MINISTER

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## ADDRESS AT THE AUSTRALIA-JAPAN SYMPOSIUM

I welcome the opportunity to join this symposium. Its very convening is evidence of the importance of the relationship between Australia and Japan.

I congratulate Nihon Keizai Shimbun and the Australian Financial Review for their support. Both newspapers have made an important and valuable contribution to the mutual understanding of Japan and Australia and to the analysis of the direction that our relationship has taken.

This symposium is being held against a background of international tension which is particularly manifest in Iran and Afghanistan. We need to discuss the Australia-Japan relationship against this background and with the knowledge of major world events. The current political situation in Iran poses the serious danger of instability and national fragmentation. It constitutes a threat, not only to the continued supply of Iranian oil, but also to the availability of petroleum resources from other Middle East countries.

The disturbing breakdown in relations between the new regime in Iran and the United States - a breakdown which culminated in the Iranian seizure of American hostages in Teheran on November 7 - has generated a new source of tension in an already unstable and strategically vital region.

In the neighbouring Islamic country of Afghanistan, the brutal and unprovoked Soviet invasion has brought about a new dimension to East West relations. For the first time, Soviet main forces are directly involved in military operations against a non-aligned, third world country. Yet this is happening against the 1972 Soviet-American agreement to declared principles, which emphasised the need to avoid a breakdown in super power relations by one power seeking unilateral advantage at the expense of the other.

These basic principles of relations between the U.S.A and U.S.S.R. were grouped under the concept of detente - a word which specifically implied the lessening of international tensions. The notion of detente incorporated principles which extended beyond the avoidance of potential conflict to the belief that ideological differences should not be an impediment to harmonious relations. This hope, though still alive in the West, has been compromised by the behaviour of the Soviet Union.

Those who felt that detente meant the search for security from nuclear war and the relaxation of political and military tension, have been forced to recognise that those expectations have not been matched by reality. In retrospect, it could be argued that detente gave rise to expectations that were not fully justified.

As far back as September 1968, an authoritative article in "Pravda" had made it clear that:

"The sovereignty of individual Socialist countries must not run counter to the interests of... the world revolutionary movement".

Subsequently, speaking on Moscow radio on November 12, 1968, President Brezhnev outlined the extent to which the Soviet Union would go to protect Socialism, when he said:

"...the establishment and defence of the sovereignty of states which have embarked along the road to building Socialism is of particular significance for us Communists".

Here is explicit proof of the Soviet determination that once a country adopts Socialism, it will be prevented by the Soviet Union from ever throwing off its shackles. And none of these views have been modified by detente.

President Brezhev himself has made it clear that detente:

"..doesn't in the slightest abolish, nor can it abolish or alter the laws of the class struggle".

These statements seek to justify the active and open pursuing of Soviet international influence through destabilising activities in Angola, Ethopia, Yemen and Vietnam. They seek to explain why the use of 85,000 Russian soldiers in a brutal expression of the sovereignty of Afghanistan is consistent with detente. They seek to suggest why, under detente, the defence capability of the Soviet Union has expanded so greatly. But these explanations are poor solace to the over 3 million refugees created by Soviet action since the detente accord.

Quite clearly, the "Brezhev doctrine" is still the guiding principle of Soviet foreign policy and its interpretation may go beyond what is generally believed.

This geo-political position has created international anxiety heightened by the economic dislocation which has resulted from the uncertainty of oil supplies and the massive increase in the price of oil. This disturbing accumulation of factors creates a background in which the relationship between Australia and Japan gains in significance. Central to this relationship in the decades ahead, will be the energy question. We entered the '80s with many world economies dependent on imported oil. Recent events have underlined, if emphasis were needed, the significant political and economic dangers inherent in such dependence. For example, Japan relies for almost all of her oil requirements on imports. About 80% come from the Middle East. As a result, restricted supply or unreasonably high prices of oil, will lead to adjustment in the Japanese economy.

As one of Japan's principal trading partners, particularly in raw materials and energy resources, Australia hopes to contribute to overcoming her energy problems. Nevertheless, for all countries, there is a need to seek alternative energy sources and to improve conservation.

Japan has, in this process, the asset of being a modest per capita consumer of energy. It also has a proven capacity for industrial innovation which will facilitate the necessary restructuring of its industries. Fortunately, the surge in oil prices in 1979 has not been accompanied by severe shortages of oil. In fact, developments in the past several months have increased stocks of oil globally. This has meant some softening in spot prices with the result that, during April, Japan was able to make the difficult decision to refuse Iranian oil at an unacceptably high price.

This decision represents a significant encouragement to the efforts of other oil consuming countries to resist excessive oil prices. Complementing this international example, has been the decision by the Japanese government, and its Olympic Federation, not to go to Moscow. This decision demonstrates, in the most practical way, Japan's determination to contribute towards efforts by independently minded countries to protest against naked Soviet expansion. Indeed, there has been an encouraging affinity of view between the Australian and Japanese governments on the emerging international problems.

This does not mean that Japan and Australia always have identical views or interests. But there are several important political and economic perceptions that we share. The first is that we choose to be governed by democratic principles and maintain similar institutions and laws to safeguard our political freedom and reinforce social justice. The second is that, through the natural complementarity of our two economies, we enjoy a high degree of economic inter-dependence.

This inter-dependence continues to widen as new areas of trade develop. The most recent, and perhaps the most challenging, is Japan's growing need for alternative forms of energy, providing as it does growing opportunity for Australia to utilise her privileged energy position.

Third, through extensive bi-lateral aid programmes, both Australia and Japan are closely committed to supporting developing countries and their aspirations for self-reliance and stability.

We are also major contributors to international financial institutions upon which the countries of the third world rely for development capital.

Fourth, because we are both countries of the Pacific, we have a mutual interest in the peace, prosperity, and well-being of all countries in the region. We share in the current economic growth and enormous potential of many of the nations of the Pacific. And because of the importance of the integrity and strength of the Association of the South East Asian Nations, both our countries have developed patterns of consultation with ASEAN nations on a wide range of political and economic matters. Australia and Japan are fully developing their credentials as nations contributing in a constructive way to the well-being of the Pacific.

Finally, we are each aligned to our most important mutual ally, the United States of America, through security alliances, through long standing historical ties, and through the active and lively appreciation of common values.

All these links re-emphasise our mutually compatible interests and common objectives in contributing to a stable environment for economic growth within our region. And this region already promises new opportunities for us in the 80's.

Its economic potential is great, and its prospects for continuing development are encouraging. The economies of East and South-East Asia are amongst the most rapidly growing in the world, with regional growth recently ranging from 7-12% per annum.

The continuing comparative strength of the Japanese economy, as well as the industrial progress, achieved by the "newly industrialising countries"; and to a lesser extent other ASEAN members, based generally on export led strategies; all these factors have contributed to spectacular growth and trade expansion in the region.

This growth will be the source in the future of new opportunities for both our countries. I emphasise five points which I believe are of particular importance to the future development of the relationship between our two countries.

First, we confirm our readiness, within the capacity permitted by our resources, to assist Japan and other countries to meet their energy needs.

Second, we welcome investment by Japan in partnership with Australian investors. In 1979, Japan was Australia's third largest source of foreign investment, after Britain and the United States. And recent major investments include the 50% shareholding of a consortium of five Japanese aluminium users in the Comalco aluminium smelter project in Gladstone; the 20% interest held by Mitsui in the \$700 million Nebo coking/steaming coal project; the purchase of Chrysler Australia by Mitsubishi, representing a significant injection of capital and expertise into our important motor vehicle industry.

The Australian Government continues, within our foreign investment guidelines, to welcome Japanese investment, whether it be in the mineral area, the manufacturing industry, or in the services sector.

Third, in the context of our overall economic relations, there is a clear necessity to enter into long term commitments. This requirement is borne out by the very high cost of resource projects and infrastructure developments; by the risks associated with continuing problems of international inflation and protectionism; and by the high degree of complementarity between our two economies.

For example, the immense North West Shelf project presents the particular problem of the need for expensive facilities both in Australia and in Japan, which are only viable if long term demand can be guaranteed. This project would never have come to fruition without a long term commitment from our Japanese customers.

Fourth, we expect to see substantial expansion of raw material processing in Australia. This has long been our objective. Energy costs and the availability of relatively low cost coal for energy in Australia, make this objective more easily obtainable. Aluminium smelting is a prime example of this process gaining momentum; and the onset of increased oil prices makes the prospect of processing raw materials in Australia even more attractive. Rising oil costs have also added to the cost of shipping which in turn has provided the necessary inducement to process raw materials in Australia, leaving the less weighty processed product to be shipped.

The fifth and newest area for co-operation is in energy research and development. There is scope for further examination of alternative uses for coal and gas; and the development of new and renewable energy sources. Already, negotiations are under way to establish a science and technology agreement between Australia and Japan. This institutional base will re-inforce efforts for the exchange of research and development.

And above all, both our governments are conscious that economic co-operation will only be beneficial in an economic environment characterised by consistent and stable policies; particularly policies directed to the containment of inflation; the encouragement of investment; and the securing of increased employment opportunities.

Beyond all this, one of the central commitments of both our countries in the '80s must be to ensure that the expanding importance of the Australia-Japan relationship enjoys the full support of Australian and Japanese people. The Australian Government is fully committed to recent initiatives designed to give the people-to-people relationship the strength and understanding that exists at a government-to-government level.

That is why we have welcomed the interim agreement for the reduction of air fares, and have encouraged the progress towards an agreement for the exchange of young people on working holidays. These initiatives complement others which are already well established.

In particular, the wide range of activities sponsored by the Australia Japan Foundation, and the research work done under the auspices of the Australia Japan and Western Pacific Economic Relations research project, have all contributed significantly in recent times to the strong ties which have developed between our two countries.

These are reinforced by the institutional machinery which provides for a wide range of ministerial and official consultations. We regret that, as a result of impending elections in Japan, it will not be possible to hold the next Australia-Japan Ministerial Committee Meeting in Tokyo on the 9th and 10th of June.

However, when the opportunity arises, these talks will go ahead. They are becoming an integral part of our continuing and established working relationship in the political as well as the economic area.

Looking beyond our relationship, over the past year or so we have witnessed a growing momentum of interest in the prospects for enhanced co-operation around the Pacific region. This has been most recently stimulated by the enthusiasm expressed by Mr Ohira for the concept of a Pacific community. The notion of a Pacific grouping to promote greater co-operation has been advanced in one form or another by academics and businessmen for the last decade and a half.

What is new, however, is the increasing focus which governments of the region have been giving to the area. This interest is not based on the geographic neatness of such an arrangement. For if it were, an arrangement of this kind surely would have come to being long before now. In fact, the disparate nature of Pacific countries has hitherto inhibited European-type moves towards closer co-operation.

But new elements have lent impetus to calls for a Pacific community. While resource endowment and economic development amongst these countries are not evenly shared, the Pacific region has experienced remarkable and sustained economic growth.

It contains five of the world's major food exporters, and substantial percentages of the world market economies' total production of a number of key commodities. Regional growth has been paralleled by increasing economic inter-dependence.

Transportation and communication links have improved substantially. And regional states have extended national sovereignty over marine resources of the Pacific Ocean through the declaration of the 200 mile fisheries and economic zones.

These developments are fast breaking down the barriers of the past, increasing the areas of common interest and making the need for enhanced co-operation more compelling. No one yet has a clear idea of what form such co-operation may take - whether we should seek new arrangements or build upon existing mechanisms.

An exploratory process is just beginning. The various ideas being floated need to be carefully examined and tested. The differing interests and concerns of the countries of the region need to be fully taken into account. Early last month, I attended a gathering of businessmen from around the Pacific held in Sydney - the annual meeting of the Pacific Basin Economic Council - which made an important contribution to the consideration of regional co-operation.

In September, a major non-governmental regional seminar, which I announced during Mr Ohira's visit earlier this year, will be held at the Australian National University in Canberra, to focus directly on the Pacific community concept. It is clear that, given the complexities involved, the development of the concept is likely to occur gradually rather than overnight.

The fact is, however, that the future of the countries of the Pacific inevitably involves increased contact and it is desirable to take a positive and intelligent approach to that.

Our ambition must be to fully reap the benefit of the enormous opportunities which the Pacific area is opening up, and thereby, to contribute to greater peace, prosperity and harmony throughout the region. There is no doubt that these goals will be advanced through a forum such as this. That is why I congratulate the organisers of this seminar for the important contribution it will make to a better understanding and awareness of the growing links and friendship between our two countries.

I am confident also that your findings will be of real value and significance, not only to the future development of our relationship, but also to the Pacific region as a whole.

We must never take for granted the need at all levels to be well informed about what each of us is doing. Forums such as this provide a profitable opportunity for Australians to develop more fully an understanding of the concerns and interests of our Japanese and regional partners.

Again, I express my warm appreciation to the managements of both newspapers for their continued and substantial reporting on the broad range of issues in the Australia-Japan relationship.

May all who are participating in this symposium enjoy success from your deliberations.

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