

AUSTRALIA - JAPAN RELATIONS  
AUSTRALIAN INSTITUTE OF INTERNATIONAL AFFAIRS  
SYDNEY, N. S. W.

12 JUNE 1971

Speech by the Prime Minister, Mr. William McMahon

Mr. President, Ladies and Gentlemen,

Thank you for asking me to come here today to speak to you about the relationships between the Japanese and ourselves. As you know, I was not the Foreign Minister for very many years, but the very first submission that I put to Cabinet of any consequence was in April of last year when I presented a paper relating to our future relationships with Japan. At the same time, I received the approval of the Cabinet to institute what I regard as the highest level Inter-Departmental Committee, headed by the Permanent Heads of the most important Departments of State, to keep under continuous review the relationships between Japan and Australia and, once they felt they had come to concrete recommendations, to be able to present papers to us.

I also want to mention the fact that subsequently the Government also considered - I think in February - our relationships with the People's Republic of China. Subsequently we were able to consider papers relating to a new relationship with the Soviet and particularly what we could do with the Soviet Far East.

Mr. President, I hope my Department has had the good sense to send to you a copy of my speech to a meeting of citizens in Sydney a few weeks ago. Because I am sure it broke new ground and I am as sure as I can be of this, that it had to be done because we live in this changing area - changing so quickly that we can't be left behind. And I can more or less paraphrase what you have said. We must be playing our part to see if we can make our contribution to peace and to the development of the whole of this area.

So I put it to you then that we have been doing a tremendous amount of thinking. And with the recent reorganisation of the Department of Foreign Affairs and its elevation in stature, and I believe in importance, and I hope that will continue - then I think you will find that continually we will be trying to make our contribution wherever we can towards the goals that I mentioned to you a few moments ago.

The most important of them at least as far ahead as you and I can see, will I think, be the two countries you have mentioned, Japan - materially, of course, and I hope politically as well - but Indonesia too for many, many reasons because it is a very vast country and one to which we will pay increasing importance in the years to come.

I mentioned to you the breakthrough we made in the middle of last year when we decided on a three-year programme of aid - something we had never done before - to Indonesia. And we extended our appropriations in a way that we had not done in the case of any other country.

So I think you can take it, therefore, Mr. President, that we reflect in the Government the views that you put a few moments ago - of the enormous importance of Japan, the enormous importance of Indonesia and the importance of Papua/New Guinea to us as well.

So, consequently, I now come to this responsibility that has been given to me today. That is to officially open this Conference, which as I have said, fundamentally relates to the bilateral relationships between Australia and Japan in the 1970's.

I think you know, and I can repeat this, that it is of fundamental importance, not only to us, but also to the Pacific theatre and particularly to South-East Asia, but not exclusively because it is not exclusively a regional subject. We live in a world of interdependence which involves Europe, America and the African continent, as well as the great nations of the Asian mainland.

Events in the region have a bearing on changes in the power structure - politics and economics - in most other places. But today I want to concern myself mainly with Japan and Australia, and again I emphasise to you that in the speech I made at the Citizens' Dinner a few weeks ago, I emphasised that in the immediate future and as far ahead as we could see, Japan was the country that in material, and I believe in political terms, can offer the greatest advantages of co-operation between us.

And I believe, too, that when the history of this decade is written, the changes now occurring in Australian-Japanese relations, and what I hope will happen in the next 10 years or so, will prove to be one of the most significant developments of its kind.

The War is far behind us, its tragedies and sufferings of the past, and the imperatives of the future, are, in fact, here. So we have to look ahead. We must plan ahead, and we must aspire to a new world of peace and prosperity in Asia and the Pacific. And I believe that Australia and Japan together in several ways, have much to do so that they can make a contribution to that goal.

Today we are at the threshold of a new era in our relationships with Japan. This isn't something that is going to be spelt out with a crop of new decisions or dramatic changes in the relationships that exist already. But it is something that will be reflected by an even closer relationship than the one we already have, and one which will have superimposed on the developing economic connection, some political overtones stronger than we have heard up until now.

Sometime ago, my Government felt it was time to do a stocktaking, because the progress of our relationships, along a well-ordered path, had beentaken up to a point where this could usefully be done. I mentioned to you a few moments ago, the formation of the Inter-Departmental Committee and the Report that is now before the Government for detailed consideration.

There has also been a recent decision to form a consultative committee on trade, and related matters at Ministerial level between Australia and Japan. The Deputy Prime Minister, my colleague Mr. Anthony, was able to confirm this during his recent visit to Tokyo.

Now I have for long taken the view that the co-ordination of diplomatic relationships between any two countries ought to be the responsibility of the Department of Foreign Affairs. And I can assure you that in trying to work out sensible and better relationships between the two countries, that with us now, our Foreign Affairs Department will be taking the leading administrative role, advised where necessary by the other Departments, in economics and finance by the Treasury, and trade by the Department of Trade, education and science by that Ministry, and correspondingly, too, with the other Departments, such as National Development, or in national development schemes, by Mr. Swartz, the Minister for National Development himself.

Now these developments alone at Government level will do a lot to enlarge the framework within which we can plan ahead. I think, ladies and gentlemen, when we look directly at the bilateral relationships between two countries - such as those between Australia and Japan - we must be clear about our motives and our objectives. It is also wise that we be completely frank about them.

And if I can say this to you about frankness, in the recent discussions I had with the Japanese Prime Minister and the various many discussions I had with Mr. Aichi, I have found them completely frank, willing to discuss the most difficult of problems and anxious, I believe, to co-operate with us for the political and economic betterment of the South-East Asian region.

Now the first motive on our part, naturally enough, as you well said in your quotation from U Thant - and if I can change it a little bit - is national self-interest. This goes for any country anywhere in the world, and I can assure you, it goes for us just as much as it goes for anyone else.

Our relationship with Japan should continue to assist the broadly-based development of the Australian economy and help us to maintain an independent foreign policy. It should also seek to develop our relationships with other friends and allies, regional neighbours and trading partners. I like to hope that every Australian businessman, with an eye on exports, will regard himself as some kind of a latter-day Marco Polo and go out in search of new markets. He will have the Government supporting him when he does.

And the second objective is that our co-operation with Japan should be directed more and more to meeting the needs and aspirations of the developing countries in our region. We have a wonderland of new experience before us where a "green revolution" is coming to the paddy fields and plantations of Asian countries. The miracles of modern science and technology are beginning to touch the lives of millions who, for the first time, can see the prospect of a better life being added to the old, sustaining forces of their ancient cultures.

We want them, our neighbours to the North, to feel part of a broader region, secure within it and being able to share in its progress.

And I believe, too, that we have a remarkable opportunity not only to help, but to be able to draw them together, because in my experience as a Foreign Minister, whilst I wasn't there for long, at least I visited South-East Asia and Japan on several occasions. I think you can take it that they trust us. They know we have no predatory intentions and I think they recognise, too, that our aid is given freely and generously. We don't put any bans or ties on it. We don't ask for repayment

and what we give we give because we feel we are making a contribution to their development and at the same time, in a reciprocal way, adding to our own.

And the third objective is that we will be looking to the establishment of a stable relationship with Japan and among the other three major powers in the Asian-Pacific area - the United States, the USSR and the People's Republic of China.

These considerations will, of course, have to be matched to the continuing satisfaction of Japan's legitimate economic aspirations.

So, ladies and gentlemen, there you have our motives and our objectives. They are, I believe, free of enmities, untouched by racism or compromised by different ideologies. It is time for us in our thinking to move out from the shadow of the great nuclear deterrents and the "curtains" and "walls" of the past into a more positive world of progress. And I know in trying to achieve the kind of change we in the government want to achieve that with you, Mr. President, and with everyone here today, we will find the most willing companions and accomplices.

Now as to achieving our objectives in our relationships with Japan we have a solid base to build on. The Trade Agreement - or the Agreement on Commerce, as it is called, of 1957, was a foundation stone of the first importance. The beginnings were small, but the growth has been rapid.

Japan is now our largest trading partner and Australia is Japan's second largest trading partner after the United States.

The political relationship has developed more slowly but it is becoming significant both on a bilateral and on a regional basis. These links have been supported by business, cultural and scientific exchanges and the encouragement of tourism between the two countries.

The relationships are plain for everyone to see. I refer to them because this is our starting point for the developments of this decade.

We also have to remember that there are great differences in national power, differences in history and social traditions and differences in the decision-making processes both in Australia and in Japan. To my Japanese friends here, I can assure them that by now, I have just about learnt how difficult it is for a person whose mind is cast in a Western mould to be able sometimes to understand quite how slowly the Japanese work and how frequently a smile doesn't mean "yes" but all too frequently means "no".

Now the remarkable post-war economic growth in Japan has taken her into the front rank of the industrialised nations. Her gross national product is now third in the world after the United States and the Soviet Union, and she is emerging as a major Asian/Pacific and world power.

You may ask - what will this economic strength do to us?

It has already done much, and we expect those benefits to increase in the future. It is natural that we should because we have the commodities Japan needs, mostly right in quality and price, and available on a relatively short haul, while Japan can supply the exports we want and cannot yet make ourselves.

In short, our great natural resources provide Japan with the raw and processed materials she does not possess and we can get from her the products of her highly advanced technologies - those products we cannot yet provide economically or in significant quantity to meet the demands of our industrialised society.

As you all know, we are twelve and a half million people, and the Japanese are over 100 million people. If we look to our relationship as a kind of partnership, is it lop-sided? I don't believe it is.

Each of us has strengths to share which are not determined by numbers. I think the relationship can be divided up into three phases.

The first followed the end of the war when Japan became a substantial buyer of our primary products, mostly wool.

Then came the second phase when we found a fortune in minerals. This gave us the boom years of the sixties. Japan took our coal, our iron ore, our bauxite, and our manganese in addition to our wool, our sugar and our beef.

Today Japan takes 25 per cent of our total exports - over four times what she did twenty years ago - and of this, minerals and metals takes up 54 per cent.

Now we are into the third phase. This is where we move on into a broader economic relationship. This third phase, as we see it, involves a continuing, and I hope, an enlarging market in Japan for our rural products and our minerals, the introduction of more joint enterprises, particularly in the minerals and metals industries, and finally, new outlets for our manufactures.

To date, Japanese investment in Australia has been small. For the last financial year, it accounted for only about two per cent of total direct investment in Australia.

Now, while I expect this to increase, and no doubt it will be concentrated in the natural resources area, at this stage it seems unlikely to be very large in relation to the total levels of private overseas investment in this country.

Now so far, most investment from Japan has conformed with our preference for foreign investment in the form of equity participation with Australian enterprises. There is, I am glad to say, plenty of movement at both Government and business level in this third and latest phase.

There have been annual consultations at official level between our respective Foreign Ministries since 1967 as well as ad hoc consultations between other Ministries. Frequent consultations at Ministerial level will now take on a more regular character with the formation of the Consultative Committee to which I have already referred.

At industry level, a Business Co-operation Committee has existed for the past nine years and meets regularly. This year two important economic missions have come to Australia. One was financial and the other was concerned with natural resources.

I am confident, therefore, that the right climate now exists for us to go ahead even better than we have done in the past and, I think to do so for the benefit of both countries.

Ladies and gentlemen, I believe that the consolidation and development of our bilateral relationship with Japan - advantageous to us both in national terms - is also of considerable importance to the economic and political stability of the region and I believe that together, and with others in the region, we can take a fuller part in regional affairs in the future.

Because of her economic strength, Japan has a formidable contribution to make to economic aid in the region.

The Japanese Government last year announced a 1975 target for foreign aid, both official and private, equal to one per cent of GNP. If this is achieved, then something like \$3,500 million will be given in that year - just about three times what was given in 1969. Already there has been a 40 per cent rise in Japan's foreign aid for 1970 over the preceding year.

Now, two-thirds of Japan's total foreign aid contribution goes to Asia. This makes Japan a force of tremendous importance to the economic fortunes of the developing countries in the region.

Australia's role in this, compared with Japan's, must necessarily be small, but it must be remembered that we rank very high among the aid-givers in relative terms and we, too, are committing about one per cent of our gross national production to developing countries, mainly in Asia and the Pacific and including the Territory of Papua/New Guinea.

Might I interpolate this comment to you on DAC aid, particularly the kind of aid Australia gives to the Asian countries, because last year at the DAC meeting in Tokyo, when we were starting to talk about the figures - and I have never had them analysed as well as I had them analysed by our own people in Japan - we found that when it came to official aid, that is, aid of a kind that is given by the Government rather than private enterprise assistance, that without any doubt at all, we led the way. Or, if I could put it a little differently, with the exception of France, in connection with its colonial territories, and Portugal, there is no other country that makes the same kind of contribution as we do to official aid. And the value of that official aid, being on a non-repayable basis, and at the request of the country concerned, has the highest possible quality.

So we specifically asked that in future whenever the DAC was considering aid programmes, it had first of all to divide the aid into official and private aid so that we can come to our own conclusions about the contribution made by the Australian taxpayer. And secondly, when we were looking at the components of the official aid, we had to make up our minds as to its quality and, consequently, the debt repayment problems, and the problems of the recipient countries, whether they willingly participated, or the ones that were initiated, the kind of aid that they wished to receive.

You will be familiar with the multilateral organisations to which we belong, and where we sit in Japan's company.

I refer to ECAFE, ASPAC, the Asian Development Bank, the Colombo Plan, and the Development Assistance Committee of the OECD to which I have just referred.

We also share common membership of aid co-ordinating groups assisting individual countries in the Asian region.

There are, inevitably, political associations which develop as the result of increasing regional involvement, and I believe Japan will assume a larger role in the future.

It is true, too, that while we may separate trade and politics, economic progress cannot take place in a political vacuum.

I think the presence of Japan at last year's conference on Cambodia at Djakarta was one of the first signs of her growing political influence and its deployment to the region's advantage.

I see no reason why Australia cannot work usefully with Japan at the political level as well as the economic level.

And if I can come back to Djakarta, I do comment very favourably about the role taken by Mr. Aichi as the representatives of the Japanese Government and people. And I do comment very favourably about the arduous efforts they made with the Malaysians and the Indonesians to try and induce other countries to try and restore the ideals of the Geneva Conference in 1954 and to try and get the various elements to the conference table to see if we could establish peace in Cambodia.

I now come to the question of Japan's military strength, its defence capability and how I see it now and in the future.

It was recently announced that Japan's Defence Agency would be doubling its defence expenditure during the period 1972-1976. The amount to be spent will still be only about 1 per cent of her gross national product, which is far less than the percentages committed by other major powers. Ours, by the way is 3.69 per cent of GNP.

Now these are the facts. For obvious reasons, we dislike any increases in defence expenditure. Japan has given repeated assurances that she does not intend to pursue a military role beyond that of self-defence. We fully understand this attitude.

We note that the programme has been public knowledge for a year and that all expenditure has to be approved by the Diet. In other words, it has a full exposure to the public, and is dealt with by democratic processes familiar to us.

The programme provides for only small increases in defence manpower and for moderate increases in equipment. It will aim particularly at strengthening the air and sea self-defence forces.

Japan's defence role was set out in a White Paper last year. This showed that while Japan would maintain its security links with the United States, it would assume, because of its economic strength, greater responsibilities for conventional defence. It would not possess offensive or nuclear weapons.

And I remind you, too, that Japan is perilously close to Mainland China. Mainland China is in possession of thermonuclear weapons. Japan has none. I want you to remember that Japan is in a very vulnerable position and that a few thermonuclear weapons could, of course, do permanent harm if they were ever used against that country.

And, of course, we have to remember that Japan would also have had to provide for enlarged defence responsibilities when the United States handed over Okinawa.

To sum up, ladies and gentlemen, I believe Australia and Japan can enlarge the base of their friendship and co-operation to the benefit of both countries.

I believe that together we can do a lot to help stability and economic progress in the Asian and Pacific region. I believe that what we do together and what we do within the region will continue to be based on mutual respect and trust, and I believe that we can know each other better.

So we want to help, and we want to help with the co-operation of all Australian people. So for that reason I want to thank you for asking me here today, and I want to thank you, too, for coming. And having said that, may I now officially declare this conference open.

---