



PRIME MINISTER

TRANSCRIPT OF QUESTION AND ANSWER SESSION, DIETMEMBERS
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E & OE - PROOF ONLY

QUESTION: We are very glad to receive Prime Minister Hawke. You are most welcome to Japan. I recently came back from the US. I met the people from the Department of State and the Pentagon. When I talked about Japanese self-defence forces with them, I heard Australia agreed the sending of Japanese self-defence forces. I don't know who said what kind of things about that. ... Japanese constitution that it is very difficult for us to send ...self-defence forces ... that Australia has ... particular statement. But if Prime Minister Hawke could tell us who particularly made the statement that Australia agreed to the sending of the Japanese self-defence forces, if you would be kind enough to explain to us.

PM: Thank you very much. It's important that you understand precisely what was said on this matter. In Australia I was asked about this situation and I was asked about it in a context where there had been observations in the press within Australia and internationally some speculation that Japan may contemplate sending mine sweepers. I went out of my way to say that what Japan does in regard to the Gulf is a matter for Japan. I want all of you to understand that it is not appropriate for Australia or for any other nation to tell Japan what it should do. I understand very clearly the sensitivities within Japan on this issue. And anyone who doesn't understand those sensitivities doesn't understand very much about your country. I do understand that. So I want to make it quite clear that there's no attempt on my part or on the part of the Government or the people of Australia to seek in any way to tell Japan what it should do. This is a matter which you must decide according to your own counsels and your own deliberations. What I was seeking to say and which I take this opportunity of saying to you, is if Japan, if Japan out of its own processes were to come to a conclusion that it wanted to make some such contribution, some such involvement, I want Japan to know that from the point of view of Australia such a decision would be acceptable. I hope that you clearly understand therefore the nature of what I'm saying. I repeat,

succinctly I hope, these things are a matter for Japan. It is understood that they are matters and issues of sensitivities within Japan. But simply, having said that, if you are going to come to that decision, you should know that within our environment in Australia, we would understand and accept such a decision.

QUESTION: ... Prime Minister Hawke in a very healthy, good condition. And indeed we are very happy to see you once again. When I was the Minister for Agriculture, Fisheries and Forestry I had the opportunity of having various discussions with Minister Kerin. I was recalling what the discussions ... opening of the beef market to Australia. Australia was very happy. So I have been expecting that perhaps my statue would be built in Australia because I have contributed much to the market. But in Japan I was somehow given the role of the villain. I have been having a very hard time. When I think about the present situation ... as Prime Minister Hawke rightly pointed out. We have to make great efforts, must make a great effort to make the Uruguay Round of GATT negotiations a success. But we have to of course place importance on our own resources. We have to think of our own country. The ... cultures of deficient nations. We have to think of what problems they have, human rights. All those things must be firmly asserted on the occasions of negotiations and based upon such .. discussion ... our own sovereignty and rights. We have to assert our own position. ... Australia ... assert her own sovereignty, her rights and we have been able to successfully maintain and ... our relationship. But I think we follow that example, learn from that relationship. ... I myself feel that ... trade issues, trade related issues. Of course we have to think of the logic and rationale of the ... And then I think we should think ... in the country's population .. much problem, serious problem. ... issue of food. So how can we strike a balance amongst all these different issues, ... three different areas ... difficult ... Australia ... have no for its own population ... a helping hand ... aid ... population a great issue. We have most respect for that ... pay tribute to that. I do hope ... Prime Minister ... send my best regards to your Minister Kerin, my good friend. ... continue the political leadership in your country, which is an enormous task. I ... congratulate you Prime Minister. And in the last election you had a victory, the Australian Labor Party had a victory. You are continuing on with your political leadership. I would like to pay my deepest tribute and respect to your leadership. One of the campaign issues in the election was the so-called Multi-function Polis. The problem associated with the Multi-function Polis came up especially raised by the Leader of the Opposition Party. During the election campaign many discussions took place. At least I was informed of that. Many things were argued. So on one hand there is a concept of MFP between Japan and Australia and that could become an election issue. That means that in Australia Japanese

entry into Australia in economic affairs is met with some resistance by the Australian people. Am I correct in interpreting that there is some .. of resistance amongst the Australia public regarding the economic entry of Japan into your country. Of course during the election campaign Prime Minister Hawke defended the Multi-function Polis. But could you explain the situation. When we think of the future of economic relations between Japan and Australia, this point is very important. So I wanted to raise this point.

PM: Thank you very much for that question. Could I just briefly make an observation in response to the previous observation and then come to your question. I thank you very much for your references to your discussions with Mr Kerin and let me say quite directly, and in the spirit of I think, frankness and directness which we in Australia and Japan can talk with one another, we have been critical in the past of Japan, North America and Europe in regard to agricultural protectionism. But I hope that you will understand and recall the way in which we have spoken very affirmatively of the liberalisation steps that have been taken by Japan. We are conscious of them and to some considerable extent in the area of beef and of manufactured products we are the beneficiaries of the liberalisation that has occurred. But equally we are going to say that we always think that further steps can be taken. We trust that that will happen because we do seriously believe that the freeing up of the international trading system is not merely something to be perceived in terms of what does it mean for each other. But I think if history does teach us one thing, it does teach us that a resort to economic autarky of increasing protectionism can be the precursor not only to economic problems but to political conflict. So we, all of us, have a vested interest in doing what we can. We in Australia are reviewing the whole of our positions. We will be moving to further liberalisation and we hope that that sort of thing is going to be reflected here and elsewhere. But now if I can come to your question. I appreciate the directness and the frankness of the question and it's a proper question to put to the Prime Minister of Australia visiting Japan. I will be absolutely direct and honest in my reply with you. It was an issue that arose in the election. You mentioned the Leader of the Opposition. It was not a matter which was really raised by the Leader of the Opposition, who I don't believe he, the then Leader of the Opposition was personally responsible for it. There was a weakness of leadership in the Opposition. It arose as a perception by some people in the Opposition that there may be some political mileage to be obtained through fanning some attitudes of racist intolerance. The failure of leadership was not in raising it. The failure of leadership was in not squashing it. It is unfortunately true that in some sectors of Australia there are these sentiments of opposition to foreign involvement in

Australia in general and in some areas particularly to Japan. But I hope that you will be aware that I in particular, but my Government in general, has been steadfast in accepting the responsibilities of leadership. I have said in Australia and I take this opportunity of saying here in Japan, that if any Australian wanted to be short-sighted in the extreme in a proper assessment of their own self-interests and the self-interests of their children into the future, it would be for them to pursue an attitude of resentment and opposition to co-operation with Japan and of opposition to Japanese investment and involvement in the development of the Australian economy. Because not only for this generation but more so for our next generations, their welfare and indeed their standards of living and quality of life is going to depend upon the way in which together we can co-operate, how we can marry not merely our material resources but increasingly our very significant fundamental scientific and research capacity with your magnificent record and capacity for applying science and technology, commercialising it. Australia's future depends very much upon the way in which we can co-operate together. So there are moral considerations in this. We live in an interconnected and interdependent world and it is morally right that we should recognise that it's a world in which any concepts of division or discrimination based upon race, colour or creed are abhorrent. There are those moral considerations. But overwhelmingly as well there are simple economic considerations of self-interest. I can assure you that the overwhelming majority of Australians have responded to the leadership that we have given on this issue and which we will continue to give. I want you to know and I want all Japanese leaders and the people of Japan to know that as far as we are concerned we understand the fundamental importance of the relationship between our two countries. We recognise that our growth has been interconnected. That our opportunities for the future are interconnected. We welcome Japanese investment in Australia. The MFP has been mentioned. It was the peg upon which you hung your question. But it's not only in regard to the MFP that we want to see this co-operation and development. But we want to see that in a sense as merely one manifestation of an increasing inter-relationship between our countries. If I could say this in conclusion, as you would appreciate overwhelmingly, Japanese investment in my country has been in the area of real estate and of tourism. In fact if you look at the last year, in an investment of just over \$9 billion, 92% was in those areas. Now I'm not complaining about that, let me make it clear. But what I am saying is that I think it's going to be in both our interests that there be a diversification and an increase of Japanese investment particularly in our manufacturing industries. And in particular within that area I would like to see the existing co-operation that is developing between us in regard to science and technology research being reflected more in the applied area so that there can be co-

operation between us with your great experience and expertise, our own resources, our own research. Because I'm sure that if we do that, that that's going to be to the benefit of Australia and Japan. That's going to be good for each of us and it will be good for the region.

QUESTION: Since Australia is a friendly nation I'd better talk frankly. There is only one thing which I'd like to say. So I'd like to talk about the issue of the rice market. When I think about self-sufficiency of the other countries of the world, most of them are 100%. Thirty years ago Japan's self-sufficiency was 83% but now it's nearly lower than 30%. So when we think about this it's very natural that we think we have to try to keep the percentage at least more than one third. This demand is very natural for other sovereign nations. You should understand that. There are some differences between industry and agriculture of course but if foreign produce began to occupy the market at the percentage of 20-30%, most countries impose ... Now Japan imports 70% of food. So we'd like to produce another 30% at least. Our hope is very natural. Concerning this point that percentage may go down to 20% so we'd like to produce at least rice by ourselves. That's a very strong hope of the Japanese. Since there is not much time, you don't have to answer it now, but I hope you discuss it while you are in Japan. That's my frank opinion.

PM: I don't like delayed replies so I would rather make an observation now. Let me say this. That from the perspective of Australia we see certainly a difference in the position of Japan as compared with Europe on this issue. Because in the case of Europe and of the United States of America, we could understand in the post-war period with Europe, after their experience, that they wanted to reduce to some extent the dependency that they felt they'd had on the rest of the world and have a capacity to feed themselves. It would have been churlish in those circumstances for us to deny the legitimacy of that objective. What of course we have found particularly unacceptable in the case of the common agricultural policy of Europe and also of the Export Enhancement Program of the United States, is how they've transferred and transformed what in that early post-war period was a legitimate aspiration to self-sufficiency into practices and procedures which have manifestly distorted the international trading system in agriculture. That has not of course been our attitude towards Japan. It's a different category of concern. But could I make these conceptual, and in the end I believe political and economic points in regard to what you've said. The world of the last decade of the 20th Century is an infinitely different world from those first decades of the post-war period. It was perfectly proper for nations, including Japan, in those first decades after the Second World War, to take into their thinking about the world in which they lived, the assumptions, the suspicions, the prejudices if you like, about the

international behaviour of their partners in the global international relationship of which they were part. You were entitled to be suspicious. You were entitled to take the view that really the world was not very adult and that the world could punish you if you exposed yourself in a sense of non self-sufficiency. It was perfectly understandable. But the world today is different. I don't think it is so adult to have the view now at the end of the 20th Century that you need to have the same suspicions, the same attitudes that the world is not going to behave rationally and decently in terms of making available to you in Japan those things with which nature has not so readily endowed you. Because we have all matured. We are entitled as citizens of the world to say that we do behave more intelligently at the end of the 20th Century than we did in the middle of it. Now if that is true, and I deeply believe that it is, then I think it makes the mathematics of self-sufficiency something that needs to be re-examined. There is no logic in my mind now to apply to the world at the end of the 20th Century the same rigorous mathematical perceptions of self-sufficiency that you were entitled to have in you mind in the middle of the 20th Century. Now that may sound the counsel of a man by nature too optimistic. But I think we are entitled to examine the evidence by which we are surrounded. The world has shown a determination in the way we, for instance, not with perfection, but the way in which we now co-operate in international economic terms. We have been able to see much more prolonged periods of economic growth and that's been a reflection of the application of intelligence and of co-operation between nations. So if we're going to maximise what are still proper economic precepts of the advantages of the international division of labour, there is nothing that's changed the correctness of the theory of the international division of labour. Nothing has changed the correctness of that theory. What we've always had, and properly, are the perceptions and the reservations about the political division of responsibility. But none of ... ever questioned the validity of the economic international division of labour now. As we have matured politically, we ought to be the more ready to take the advantage in my judgement of the benefits of the international division of labour. If you can trust us - for instance in the area of supply we have been a consistently reliable supplier of the raw materials that Japan has needed for its growth. You've known that the coal that you needed would be supplied and that the iron ore that you needed would be supplied. We happen, in the way in which this world was created, we happen to live in a land which has the capacity to supply you with food. And we will. We're not going to play, if I can say, funny buggers. We're not going to play funny buggers. Because it's too important. So I would say that if these truths can be understood, that we should not be, in my judgement, worried by the mathematics of self-sufficiency and we should be honest enough to say, as I've had to be honest in my country, that we often try

and cover up political difficulties by nostrums about self-sufficiency. I'm a politician, I'm a practising politician and I know how easy it is to cover up a political difficulty with some economic nostrum. But at least I'm in this position, that when I come and sort of attempt to preach these truths to you I come with clean hands. Because I come as a leader of a Government which in seven and a half years has massively reduced our protective apparatus. We will be doing it further this year and we'll be going on doing it through the years ahead. So we'll be practising in Australia what we preach. And we'll be doing it on the basis of a realisation that there is truth in the concept of the international division of labour. It's something that's good for us. It's something that's good for you. And in the end it depends upon trusting one another. I'm saying to you you can trust us.

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