



AUSTRALIA–JAPAN RESEARCH CENTRE

ANU COLLEGE OF ASIA & THE PACIFIC
CRAWFORD SCHOOL OF ECONOMICS AND GOVERNMENT

**NEGOTIATING THE AUSTRALIA–JAPAN BASIC
TREATY OF FRIENDSHIP AND COOPERATION:
REFLECTIONS AND AFTERTHOUGHTS**

Gary Woodard, Moreen Dee and Max Suich



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Treaty of Friendship and Cooperation:
Reflections and Afterthoughts**

Garry Woodard
Melbourne University

Moreen Dee
Department of Foreign Affairs and Trade

Max Suich
Media Consultant, MJs Information

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Australia–Japan Research Centre
Crawford School of Economics and Government
The Australian National University
Canberra ACT 0200

Telephone: (61 2) 6125 3780
Facsimile: (61 2) 6125 0767
E-mail: ajrc@anu.edu.au
URL: <http://www.crawford.anu.edu.au>

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FOREWORD

The thirtieth anniversary of the signature of the Australia–Japan Basic Treaty of Friendship and Cooperation in 2006 offered an opportunity to review the significance of this event for Australia–Japan relations. The Australia–Japan Research Centre at The Australian National University took the advantage of an approach from the Australian Institute of International Affairs to organise a joint conference for this purpose, bringing together experts on Australia–Japan relations and practitioners from the government and non-government sectors who had been involved, directly and indirectly, in the negotiation of the treaty or in its implementation. While some accounts of the treaty negotiation had already been published¹, more was to be said, both about the inside story of this process as well as the broader historical importance of the treaty for Australia and Japan.

A special issue of the *Australian Journal of International Affairs* in December 2006 published the main papers presented at the ANU conference.² This volume contains papers based on some of the other presentations at the conference that were not able to be included in the *AJIA* special issue.

Garry Woodard was the leader of the Australian negotiating team that completed the task of concluding the negotiations. Retiring from his career as an Australian diplomat in 1986 after serving as Australian Ambassador in Beijing, Garry has written extensively about Australian foreign policy at the University of Melbourne, reflecting from his lengthy experience on some of the underlying issues in his writings. Here he provides for the first time a rather personal recollection of the political and other forces that affected his task, positively and negatively.

Max Suich approaches this subject from the perspective of a journalist, an outsider who was nevertheless an extremely close observer of the events leading up to, and after, the signature of the treaty. Based on his own analyses of the times, as well as his own extensive contacts with many of the key players in Australia–Japan relations, inside and outside the government, Max offers some salutary thoughts on what happened, and on what might have happened. Why were officials on both sides so cautious when other important stakeholders, such as the business community, were prepared to have a more trusting relationship?, he asks.

Moreen Dee is a professional historian working in the Department of Foreign Affairs who has a second-to-none knowledge of the main Australian archives of the treaty negotiations, but who claims no special expertise on Australian–Japanese relations. Her official monograph was published by the Australian

Government as ‘Friendship and cooperation: the 1976 Basic Treaty between Australia and Japan’ to mark the thirtieth anniversary. Interpreting some of the tensions and pressures that faced the Australian decision-makers, Moreen’s present paper provides insights that did not make it into the official account. Yet, Moreen reminds us, there is even more to be told if the archives from the Treasury and Immigration Departments were to be explored.

So far, nobody has investigated the Japanese archives of this period to provide a counterbalancing Japanese version of the process. In these days, when there are fewer ‘secrets’ than ever between Australia and Japan, and when we are keen to acknowledge and understand the contributions that those working before us have made, this is surely the next challenge for adventurous researchers. To what extent, if any, does the thinking that informed Japanese policy in the 1970s still influence Japanese attitudes towards Australia today?

Views will differ on the real significance of the Basic Treaty itself. In some senses, once it was achieved, it was already ‘time to move on’; its significance was deeply symbolic for Japan because it overcame their deep-seated and long-standing perceptions of discrimination in Australian policies. And ‘move on’ Australia–Japan relations certainly did. Since 1976, levels of intimacy and mutuality of interests have been reached that could never have been imagined thirty years ago: that Australia and Japan would be working as security partners with their military forces alongside one another in Iraq and elsewhere; that Japanese and Australian artists would be cooperating as fellow professionals on an every-day basis in theatres, orchestras, and galleries around both countries with the minimum of cultural or other barriers; and that young and old Australians and Japanese would be living alongside one another in each other’s countries as business people, students, retirees, for example. But above all there is the extremely successful business and commercial relationship reflected in the magnitude and durability of the trade and investment flows between the two countries.

Trevor Wilson

Australia–Japan Research Centre

Notes

- 1 Principally those by Arthur Stockwin in his ‘Negotiating the basic treaty between Australia and Japan, 1973–76’ in *Japanese Studies*, 24(2): 201–14, 2004, and Garry Woodard in his ‘The Australia–Japan treaty of friendship and cooperation: An Australian perspective’ in *Pacific Economic Paper*, No. 172, Australia–Japan Research Centre, 1989.
- 2 This appeared as *Australian Journal of International Affairs*, Volume 60, Number 4, December 2007.

I THE STATE OF DIPLOMATIC HISTORY: OCCASIONED BY THE THIRTIETH ANNIVERSARY OF THE AUSTRALIA–JAPAN BASIC TREATY OF FRIENDSHIP AND COOPERATION

GARRY WOODARD*

This project's concern for diplomatic history is admirable, and my remarks will be directed towards encouraging the cause.

Despite the best efforts of the Historical Documents Section of the Department of Foreign Affairs and Trade (DFAT), diplomatic history is languishing in Australian universities, as elsewhere. As evidence, I cite the under-whelming reception of Peter Edwards' fine biography of Arthur Tange¹ and academia's muted notice of the 30th anniversary of the end of the Vietnam war and the 40th anniversary of Australia's involvement, despite, I argue, their contemporary relevance.

Apologia

I regret that I can make only a meagre contribution to this topic, because of the order of my role in only the last stages of the negotiation of the Australia–Japan Basic Treaty. I offer these comments only because those principally involved, Michael Cook and Ashton Calvert, cannot do so.

I have not thought about the treaty for many years. In 1989, I had provided 'an Australian perspective' of the treaty in the Australia–Japan Research Centre's *Pacific Economic Papers*.² That was done for a few reasons. I had some continuing direct association with the bilateral relationship as a member of the board of the Australia–Japan Foundation. The second invoking of the treaty, both by Australia, had just occurred, in somewhat equivocal circumstances, but it rekindled my hopes that life could be breathed into it as an umbrella for the development of bilateral relations, as envisaged especially in the Preamble and early Articles, and in Art. XI. I was entitled to access to DFAT documents outside the 30-year rule and saw this privilege as an obligation to contribute to the store of knowledge. In the event, I could not find our working set of half-a-dozen files, which have probably turned up since. This could not aim at a comprehensive account, as access to the files of the other Australian departments involved in the negotiations was not possible and DFAT approval for

comments in this area could not reasonably be expected. Moreen Dee has also confined herself to the DFAT files in her valuable historical study (hereinafter referred to as the Dee paper, references being to the first draft³).

Bureaucratic politics

Therefore an interesting area for further research by students of Australian public policy and bureaucratic politics is the web of inter-departmental relations, at a time when departmental disputation was common and Prime Minister Gough Whitlam encouraged 'creative tension'. The files are now available under the 30-year rule. An encouraging number of the actors are still in rude health, witness Stuart Harris, and amongst DFA negotiators those beginning with David Anderson, although this may not be true of Immigration. A useful starting point is the Coombs Commission, the Royal Commission on Australian Government Administration, especially TV Matthews' paper about the government's inter-departmental committee on Japan⁴. Just as on the Australian side, interesting differences appear to have existed between Japanese departments on both negotiating tactics⁵ and substance⁶.

National interests and negotiating style

In addition to bureaucratic politics, there is room for cooperative research projects with Japanese academics, offering the prospect of attracting grants, about respective national aspirations and different negotiating styles (now a popular field in academia and think-tanks). I regret that Arthur Stockwin's cooperative research study of the negotiations, which I sought to facilitate in luring him to the Department of Foreign Affairs (DFA) as academic in residence, apparently did not result in a book. It was well advanced when I wrote my pamphlet and we were in contact.⁷

I also regret that the department did not do a retrospective study of what we learnt from the negotiations. To its credit, the Australian Embassy in Beijing did this about Chinese negotiating style in respect of the consular treaty between Australia and China, which it was my first official task there to sign. It would have been difficult in the case of the Nara Treaty because of discontinuities in the DFA negotiating team and the demands placed on officials involved in it by Malcolm Fraser's visits to Tokyo and Beijing.

I chanced my arm about Japanese negotiating style in the first version of my AJRC paper. It was a silly thing to do without closely consulting all the Australians who had negotiated with the Japanese over three years and having access to Japanese negotiators and documentation. Criticism came from all sides, including by two easily identifiable anonymous reviewers and withdrew speedily from the field. The opportunity for a serious study still exists.

Political relationships

I carried back to Canberra from the hermit state of Burma in February 1975 a favourable perception of Australia's Asia policies and Whitlam's standing. In my AJRC paper, I took an optimistic and perhaps audacious view of the relevance in the treaty context of Australia's fast-developing status as a regional power. That appealed to Whitlam, who wrote, with surprising and misplaced generosity about his immediate predecessors, that:

You make the very interesting point – which I do not remember having seen stated before – that in the late 60s and early 70s Australia was in a singular position of equality with Japan, at least in the view of the Japanese. This is a new insight. Yet it confirms my basic view of political action in history: the timing is all.⁸

We need more evidence about whether and how Whitlam's foreign policy entered in to the calculations of the Japanese negotiators. We can say that Japan welcomed Whitlam's regional emphasis, but viewed it through a mercantilist prism. In particular, Britain's entry into the EEC on 1 January 1973 accelerated Japanese hopes for closer economic and financial ties. Independence from Britain was good; independence from the United States was not. Certainly we sorely tried Japan by entering into diplomatic relations with North Korea, about which I knew something, as I was to have been non-resident Ambassador in Pyongyang. Other Asian issues like an Indian Ocean nuclear free zone and aid for a united Vietnam, where we annoyed Henry Kissinger and Lee Kuan Yew, must also have been irritants to Japan.

Resources policies

The negotiations were certainly directly impacted by one area of Labor's international and domestic policies, emphasising ownership and control of resources, which were of course central to the treaty's aim of assuring Japan that Australia would be a reliable supplier of raw materials. The Japanese were exposed early to the uncompromising convictions and personalities of the Minister for Minerals and Energy, Rex Connor, and the secretary of his department, Lenox Hewitt, in a marathon communiqué-drafting session at the end of the Australia–Japan Ministerial Committee meeting in Tokyo in October 1973.⁹ In his autobiography John Menadue writes:

Connor was from Wollongong, an Australian nationalist par excellence, suspicious of foreigners and with a great love of the mining industry (sic: Connor described its titans as 'mugs and hillbillies'¹⁰). He spoke about coal with knowledge and passion. A great resource was being plundered by the Japanese.¹¹

Saburo Okita told me in 1976 that some years earlier he had been tasked by the Japanese Prime Minister to prepare a study of all the means available to Japan to secure supply of vital resources. When asked whether that included military means, he said 'yes'. Of course, Japan adopted a much more subtle and successful policy of creating world over-supply, and was advantageously placed on both sides of the negotiating table by their trading companies' equity in Australian mines. Therefore Japan insisted that trade and financial flows were commercial matters in which governments should not intervene (which has a contemporary ring, although now the Australian government accepts 100 per cent foreign ownership of resources). In contrast to Rex Connor, for whom a contract was a bond, the Japanese did not put all their trust in scraps of paper, especially official.

Personalities

Mention of Okita requires recalling his close friend and collaborator, Sir John Crawford and the reassurance to governments each of them, and they together, provided. These were men with unusually long histories, and with long perspectives, which bureaucracy lacks. Without them, we wouldn't have had the treaty.

It must so have been important that, 'despite the vicissitudes', in Peter Drysdale's mighty phrase, the conduct of relations was in the hands of two outstanding Ambassadors: K.C.O. (Mick) Shann had notable gifts, not least in getting a large Australian Embassy to work as a team; Yoshio Okawara also had great personal gifts, and the advantage of Eric Walsh's insights.¹² Both Shann's and Okawara's inter-personal skills were later used in the private sector.

The final year of treaty talks: (I) Whitlam

When I took up duty in March 1975 as head of the Executive Secretariat responsible for policy planning and servicing the secretary of DFA, Alan Renouf, and, very quickly, for chairing inter-departmental crisis task forces, an innovation which lasted, I was vaguely aware that the negotiations on the Australia-Japan treaty had reached a crisis point. I knew that Renouf had secured by phone from Whitlam approval to tell the Japanese through Okawara that it would be better to have no treaty than to have a bad one.

However, I did not follow developments over the next four months, during which Cook visited Tokyo, and the Embassy was given a last resort mandate to engage in quiet talks to see whether there was any point in continuing to negotiate. When I came cold into the treaty negotiations on succeeding Cook in July, the Embassy through Ashton Calvert had in fact achieved a breakthrough, but it had not been sold to Canberra departments.

From the beginning, I saw advantages in a broad umbrella treaty, and continue to do so. I considered a mutual affirmation of friendship desirable, 'from enmity to alliance'. I thought it particularly significant that the treaty would include provisions on the two issues which in a long historical perspective had soured the bilateral relationship and contributed to Japan's aggression through exploitation by ultra-rightists, racial discrimination and cutting off of resources. Whatever one's interpretation of history, we have the testimony of John Menadue's stewardship as Ambassador to Japan from 1977–80 that these issues continued to be at the front of Japanese perceptions of Australia (Menadue 1999).

By July 1975 the Japanese had reluctantly given up their aim of a standard commerce and navigation treaty, or something as near to it as possible and for most favoured nation (MFN) treatment having retrospective and prospective application, an interpretation which we had seen as a provocation. Their alternative proposal of a standard of treatment which was 'fair and equitable' and non-discriminatory was a radical concession, advanced to break out of the protracted and bitter deadlock over what constituted MFN treatment. It provided the basis for further mutual clarifications agreed between Ashton Calvert and his Gaimusho counterpart, in which Japan agreed to accept the Australian interpretation of MFN as the most it could hope to get, without prejudice to its many FCN Treaties. (Ashton Calvert returned to Canberra late in the year to become an invaluable part of the negotiation team.) 'Fair and equitable' treatment, proposed by Japan, seemed in the circumstances of an umbrella treaty to have a positive ring to it.

The most useful area for me to contribute to the common store of knowledge is bureaucratic politics. When the second Japanese negotiator, Masatada Tachibana¹³, made a useful visit to Canberra, ostensibly for other purposes, in September 1975, he likened the stage of the negotiations to reaching the ninth and most arduous point in the ascent of Mt Fuji, but for some of the Australian negotiating team a more apt simile was the Stations of the Cross. The ascent had become too arduous and the summit seemed remote.

I should say at the outset that, despite the differences, which had not just been between DFA and the rest, but had been waged on a broad internecine front, especially until Japan gave up asking for MFN treatment, the atmosphere within the negotiating team remained collegiate, though it was sometimes the comfort of a lost herd on a darkling plain.

The culture of Immigration was the most intriguing. Earlier in the negotiations it had advocated reciprocity.¹⁴ While DFA apparently was not inclined to treat this as a serious proposition, justifiably or not, it was a point of view I had to deal with in June 1976 when I briefed Australian journalists in Tokyo, who had limited duration visas. By mid-1975 the Department's primary stated objection was that it feared the treaty could be invoked in individual cases, and it insisted on a precise standard of treatment in which 'fair and equitable' was defined as non-discriminatory. Whitlam told me he had sent Peter Wilenski to be secretary

of Immigration to reform the culture, but ‘Rome (or perhaps rather Sparta) was not built in a day’. The problem must have been exacerbated by the personal differences between Whitlam and the Immigration Minister Clyde Cameron, but Jim McLelland, who succeeded him, also backed his officials. Whitlam told me he would talk to McLelland, but the treaty hung fire while more pressing matters preoccupied him. It would not have helped that the portfolio covered both Labour and Immigration. The trade union movement did not favour Japanese immigration.

Except for DFA and the Department of the Prime Minister & Cabinet (PM&C) all the other departments involved, fearful of Japan (or anyone) being able to pry into their decision-making, leaned in varying degree towards Immigration’s view that there was a need for the standard treatment to be precisely defined. Thus, officials could not unite on an agreed recommendation to Cabinet to conclude the treaty. I felt confident a meeting of Cabinet would agree that in the interests of bilateral relations the treaty should be concluded, even if that were made subject to a further round of negotiations. I thought it far more likely that Whitlam would get his way and avoid that pre-condition. He would have been loyally backed by the Minister for Foreign Affairs, Don Willesee, who told his colleagues ‘fair and equitable’ meant offering Japan ‘a fair go’ (although Willesee was so disenchanted, generally, that he considered resigning in early November¹⁵).

Whitlam’s disappointment that the treaty was not completed on his watch is well-known, and natural. I should record that though there were pressures from those around him to ‘crash through’ there was none from him.

(2) Fraser

My assumption that Malcolm Fraser, with whom I had worked when he was Minister for Defence, would proceed with the treaty was confirmed in a conversation Renouf had with him on my advice in mid-December 1975. Fraser asked for a Cabinet submission by 20 January. Also Fraser’s Foreign Minister Andrew Peacock indicated early that there would be a bipartisan approach to China. This was tricky within the Liberal Party, and so a counterbalancing success with Japan was highly desirable. Peacock was not so unequivocally for the treaty as his leader, presumably fearing a rough passage in Cabinet, but his only requirement was to be reassured that there was no chance of the term ‘NARA’, which was identified with Whitlam and his closest advisers, Graham Freudenberg and Jim Spigelman, being used. I gave him this in good faith, knowing it was the Gaimusho’s wish, and not foreseeing that ‘NARA’ would stubbornly survive to this day.

There then came a surprising objection from Treasury, which in the end redounded against the treaty sceptics. It signalled that it thought it could scupper the treaty in a letter sent

to the negotiating departments the day before they were to meet to prepare the Cabinet submission. It marked a *volte-face* from its position in October that the treaty could be proceeded with although there would be no harm in a further round of negotiations if Immigration insisted. Treasury noted there had been difficulties in the areas of international economic relations and taxation and it now wished to reopen these areas, because Japanese negotiating tactics had been dubious and needed scrutiny. In the areas of foreign capital and foreign investment it now claimed difficulties were unresolved. It expressed doubt that the government on proper consideration would wish to reverse its earlier opposition to a treaty. It recommended that the treaty be put on one side while more urgent matters were addressed. Treasury's attempt to establish itself as the guardian of conservative orthodoxy did not sit well with other departments, and they had no stomach for going back to square one. A Submission to Cabinet to proceed with the treaty was agreed and accepted by Fraser, who circulated it for Cabinet consideration.

Treasury then tried another ploy, its Minister suggesting to his colleagues that Cabinet consideration should be deferred until after Trade Minister Doug Anthony had visited Japan in the first fortnight of February 1976. This collapsed when Anthony refused to play. Fraser's disposition to proceed brooked no opposition. Nevertheless, Peacock did not anticipate an easy passage in Cabinet and I had to give him an expansive brief and suffered cross-examination on it before he delivered it *in extenso*. Ministers did not want to delve into the interstices of the treaty, but Country Party ministers were inclined to argue that in tidying up and signing it the government should try to secure tangible reciprocal benefits.

The tidying up of the treaty involved many more protracted inter-departmental meetings. While it might have seemed impossible for any department to come up with a new wrinkle, one demanded reassurance that the treaty would not require Japanese companies incorporated in Japan or seeking entry to be treated the same as Japanese companies incorporated in or already operating in Australia. I recollect that at the end of a highly circular and prolonged discussion, which went on through lunch, DFA's urbane British Legal Adviser, Eli Lauterpacht, defined 'fair and equitable' as no more than a general standard, and illustrated it by quaintly saying that if a young man had two girlfriends and treated both nicely neither could complain if one was taken to the pictures and the other given a box of chocolates.

On the conduct of negotiations and exchanges, there is little to add to Moreen Dee's paper. As it states, there was still enough uncertainty, notably in Immigration's area, for Fraser to agree that negotiations should not be approached as having to meet a deadline (set at 30 April if Fraser was to sign the treaty during his planned visit to Japan and China in June). Ashton Calvert went to Tokyo in April to resolve Japanese difficulties on legal interpretation, especially of MFN, and related to possible interpretation by the Japanese Diet (parliament). He and I had an arrangement that if the Japanese sought to go back on any point already

agreed he would report to me on an open telephone line and I would then instruct him to return to Canberra. This did indeed happen, and the next morning the Japanese resided on the point. The Treaty received a final ‘chop’ in discussions in Canberra in May and was signed in June between Fraser and, serendipitously, Takeo Miki, who as Foreign Minister had shared with Whitlam a vision of Japanese–Australian cooperation.¹⁶ The treaty was the centrepiece and highlight of Fraser’s visit to Tokyo, the first leg of his first major overseas visit, for which he chose north Asia.

Finally, I want to say something about Tachibana, the leader of the Japanese negotiating team in the final stages. If ever a foreigner deserved an AO, it was Tachibana, but instead he is an evanescent presence in the story of Australia–Japan relations. I only wish I had the talents of J.M. Keynes to describe Tachibana and his key role as Keynes did his opposite number at the post-World War I Conference, Dr Melchior. The two men and their respective situations were nothing alike. But Tachibana, like Melchior, was willing to abandon formality and to converse privately, making breakthroughs possible. He did this despite the Damocles sword over his head of having to appear before the Diet to justify every word of the treaty. Melchior had to run the gauntlet of being a Jew amongst a delegation of unrepentant Germans, on whom Keynes makes the politically incorrect comment that:

they satisfied wonderfully, as a group, the popular conception of Huns. The personal appearance of that race is really extraordinarily against them. Who knows but that it was the real cause of the war.¹⁷

Tachibana could see the wood and was not caught in the trees. His diplomatic skills were of the highest order, and given lustre by a capacity for great warmth. After the signing of the treaty and the formal celebrations, he took me out for a long dinner, near the end of which he described his war in Manchuria, and how at the surrender he had been unable to go through with committing *hara-kiri*. By curious coincidence, the Counsellor at the Japanese Embassy had told me how he had second thoughts when assigned to the last kamikaze flight out of Japan. I slept only briefly before joining Malcolm Fraser’s breakfast delegation meeting where I found, embarrassingly, that I was the only one to have slept through a severe earth tremor. *Sic transit memoris*.

Notes

- * Garry Woodard, Adjunct Professor of Global Studies RMIT University & Senior Fellow Politics Melbourne University; former First Assistant Secretary for North Asia, Department of Foreign Affairs

- 1 Peter Edwards, *Arthur Tange: Last of the Mandarins*, Allen & Unwin, 2006
- 2 Garry Woodard, 'The Australia–Japan Treaty of Friendship and Co-operation: An Australian Perspective' *Pacific Economic Paper* No 172, June 1989, Australia–Japan Research Centre (AJRC)
- 3 Moreen Dee, *Political Will and Commitment: Australia and the Negotiation of the Basic Treaty of Friendship and Co-operation with Japan*, 23 February 2006
- 4 TV Matthews, 'The IDC on Japan' Appendix Vol. 4, AGPS 1976
- 5 Dee
- 6 Brian Toohey & William Pinwill, *Oyster*, William Heinemann 1989
- 7 It was eventually published as an article 'Negotiating the Basic Treaty between Australia and Japan, 1973–1976' in *Japanese Studies* Vol. 24, No. 2, September 2004
- 8 Letter dated 21 April 1989
- 9 First-hand account from David Anderson
- 10 I am indebted to Paul Barrat for this quotation and many insights
- 11 John Menadue, *Things You Learn Along the Way*, David Lovell Publishing 1999
- 12 Walsh worked as an advisor to the Japanese Embassy over many years
- 13 Tachibana was Director-General of the MFA's European and Oceanic Affairs Bureau.
- 14 Dee; Communication from Ashton Calvert, 13 July 2006
- 15 Personal knowledge
- 16 Gough Whitlam, *The Whitlam Government 1972–1975*, Penguin Books 1985
- 17 John Maynard Keynes, *Two Memoirs*, Augustus Kelley 1949

2 THE NEGOTIATION OF THE 1976 BASIC TREATY OF FRIENDSHIP AND COOPERATION BETWEEN AUSTRALIA AND JAPAN: A STUDY OF THE DOCUMENTS

MOREEN DEE*

The 1976 Basic Treaty of Friendship and Cooperation between Australia and Japan is the formal representation of the importance both countries place on their bilateral relationship. A study of the documents relating to its negotiation from 1973 to 1976 show that this was a complex, often strained, process. One that was driven by political will of the Australian and Japanese leadership and brought to a successful conclusion through the commitment of the their bureaucracies to overcoming the respective difficulties and finding the means to accommodate each other's position.

Introduction

The signing of the Basic Treaty of Friendship and Cooperation between Australia and Japan on 16 June 1976 was a significant event in the history of Australian foreign policy-making. The treaty was the first comprehensive treaty Australia negotiated with another country and to this day, it remains the only one. Its negotiation was a complex undertaking for both countries. While Japan had similar treaties of commerce and navigation with twenty-six other countries,¹ the Basic Treaty was broader in its scope and purpose than any of these, including the considerable treaties negotiated with the United States and Britain. So for both countries the experience of negotiating this treaty entered new territory. At the time the process attracted considerable political, academic and press attention and speculation, but it is only now—30 years after the event—that the complete set of government files on the treaty's negotiation are available. This paper considers this documentary evidence to determine the manner in which Australian and Japanese officials worked together to overcome their respective difficulties and find the means to accommodate each other's position in the drafting of the treaty.

Background

The significance of the Basic Treaty is that it provides assurances that a high standard of treatment afforded the other country will not be changed and that there will be no discrimination against either party. An overarching description is that it enshrines in formal and symbolic terms the friendship, community of interests and interdependence that exist between Australia and Japan. It establishes a broad framework for further Cooperation, including the negotiation of new agreements, in specific areas. And it recognises the two countries' mutual interest in each being a stable and reliable supplier to and market for the other and it prescribes, on a mutual basis, specific standards of treatment to be accorded to nationals and companies as regards their entry and stay and business and professional activities.

Australia's relationship with Japan is its longest standing bilateral relationship in the Asia-Pacific region. The conclusion of the 1957 Commerce Agreement underwrote a dramatic growth in trade and economic integration between the two countries but, by the 1970s, political leaders in Canberra and Tokyo recognised that there was a need to extend and strengthen Australia-Japan relations and place them 'on an even closer and more concrete basis'.²

For Japan, this was simply a matter of concluding its preferred method of gaining formal assurances of its rights as an economic partner—a treaty of friendship, commerce and navigation (an FCN).³ In fact, Japan had first raised the question of such a treaty post-war in 1955, and hints that Japan was again looking to approach Australia on the issue began to appear in 1969.⁴ These hints became more frequent through 1970 to 1972 when Japanese officials talked of completing 'the chain of friendly agreements' already existing between Australia and Japan.⁵

Australia, on the other hand, did not favour such treaties, preferring that its trade and commerce matters be facilitated through multilateral agreements and that specific issues be dealt with in bilateral treaty arrangements. A practical reason for this was the difficulties arising from the division in Commonwealth-State powers in the Australian federal system that made it difficult to reconcile domestic legislation and treaty obligations. At the time, recent experience of these difficulties in unsuccessfully trying to negotiate a similar treaty with the United States only served to confirm bureaucratic disinclination to reverse this position.⁶ The challenge was to find a manageable alternative means to respond positively to the current Japanese approaches.

The documents

Overall, in looking at how this quest was approached, the documents clearly show three things about the process that followed. The first is that there was no opposition from any quarter in Canberra to having an overarching treaty with Japan in principle—indeed it was fully accepted that such a treaty would be a positive expression of the strength of Australia–Japan relations.

The second is that the entire process from its initiation to conclusion was driven inexorably by political will—first by Prime Minister Gough Whitlam and then, without the slightest slackening of purpose, by his successor, Malcolm Fraser.

And third—and the matter of most concern to this paper—is that the mechanics of negotiating a treaty that could cut across a whole range of established policies, such as immigration, trade, national development, banking legislation—even without the difficulties of Commonwealth–State relations—presented an extremely difficult challenge for the Australian bureaucracy. The fourteen or so departments that would be involved in drawing up the treaty believed that a treaty was a good idea but from whatever way they looked at it, the disadvantages still seemed to outweigh the advantages.⁷

Tasked with the practicalities of the negotiating process, the Department of Foreign Affairs' reluctance to proceed was understandably based on concerns arising out of the experience of trying to gain bureaucratic consensus during the unsuccessful Australia–US treaty attempt in 1970.⁸ Compounding the problem for both Australian and Japanese bureaucracies was that in announcing that a treaty would be concluded, Prime Ministers Whitlam and Tanaka simply entered into a political commitment that there would be a treaty. There was never any indication given of the specific type of treaty envisaged.⁹

The documents show that, from the treaty's gestation period 1972–1973 to its signing in mid-1976, the process is a fascinating, at times dramatic, tale of on-again-off-again negotiations, legalistic nit-picking, querulous semantic arguments, and frustration, even suspicion, each of the other side—underscored by domestic turfprotecting and interdepartmental wrangling.

The complex details of the various drafts, the counter-drafts, the attendant interdepartmental meetings, the consultative talks and the formal negotiations are beyond the scope of this paper.¹⁰ The aim here is to provide overview of the documented account of the events leading up to and during the negotiation process in the hope that this will lead to an understanding of the political importance of this treaty to both countries.

Deciding on a treaty

The treaty is generally, and deservedly, described as a ‘Whitlam initiative’, but in 1972 Prime Minister William McMahon also looked to respond positively on the renewed Japanese approaches. In fact, and as Whitlam would later do, he asked for a rethink when the first advice he received was in the negative. However, he did not pursue the matter when, unable to overcome strong opposition from the Department of Trade and Industry, he failed in his second attempt to gain ministerial support.¹¹

When Whitlam came to office in December 1972, the question of a possible Australia–Japan treaty was one of the first matters he asked to be considered, although he did not indicate a strong preference for or against the idea.¹² In subsequent months, however, he became fixed on the matter, rejecting, as mentioned, the first report recommending against a treaty as ‘appalling’ and going outside the bureaucracy to enlist the support of the noted economist, Sir John Crawford.¹³ Once gained,¹⁴ Whitlam did not simply ask for a rethink, he demanded a positive response and asked that a draft treaty to be ready for passing to the Japanese within a month of his visit to Japan to attend the Australia–Japan Ministerial Meeting (as Minister for Foreign Affairs) in late October 1973.¹⁵ His plan was to indicate Australia’s willingness to negotiate a treaty to the Japanese at the talks and to take the opportunity of a meeting with Prime Minister Tanaka to gain his support for the endeavour.¹⁶

Drafting a treaty

With Foreign Affairs in the co-ordinating role, the bureaucracy met the challenge and the first Australian draft was passed to the Japanese on 14 December. It was for ‘broad-ranging Treaty of Friendship and Cooperation’—an umbrella treaty—one that encompassed the operation of established agreements and, at the same, covered the negotiation of new specific agreements or the renegotiation of established agreements. That is, the drafters looked to draw up a new form of treaty that combined assurances about reliability of supply and market access with some of the elements of a traditional FCN treaty. But they extended it to cover generalised proposals for political, cultural and social understanding and cooperation.¹⁷

But what we had now was an Australian concept of a broad, general agreement going up against Japan’s notion of a concrete treaty, tied to economic benefits. The guideline that Australian drafters had decided to adopt was that, ‘provided that it is carefully and precisely drafted, the treaty would afford mutual advantages by taking account of mutual interests’.¹⁸ That is, a treaty that would stand on its own and offer advantages in its terms to both parties.

The Japanese-preferred FCN treaties, however, sought to ‘afford mutual advantages by taking account of mutual privileges’.¹⁹ Herein would lie the rub. The long wait until the following May for Japan’s counter-draft was only the beginning of what would be eighteen months of protracted, often tense and difficult, talks and negotiations that would eventually break down over differing interpretations of most favoured nation treatment as it applied to investment, entry and stay and treatment of nationals and companies.

The documents show that the long months of difficult talks and formal negotiations that would follow only served to confirm all the problems that the departments had foreseen, particularly Trade, Minerals and Energy, Immigration, Transport, Taxation and Treasury. That being said, there is nothing on the files that suggests any department sought to sabotage the process. There was a firm commitment on all sides to reaching a settlement on a treaty. The problems arose because this commitment was also seen as ensuring that the treaty contained all the requirements that served the interests of each individual department. The Japanese record is as yet unavailable but reports from the Australian embassy in Tokyo indicate that officers of the Japanese Ministry of Foreign Affairs, the Gaimusho, were having the same difficulties with the other bureaus of the Japanese bureaucracy in reaching agreement on particular requirements in their drafts.²⁰

The first negotiating phase

Although both delegations came to the negotiating table against this background of internal turf protecting, the substantial progress made at the first formal negotiation round 28 November to 4 December in Tokyo saw both delegations feeling that the next round set down for late January 1975 in Canberra could well result in the initialling of a treaty.²¹ This outcome had been facilitated by rounds of talks, first in Tokyo in July 1974 and then in Canberra in early October, that allowed Australian and Japanese officials to gain a better understanding of each other’s position as they worked on their progressive drafts.

But the second round of negotiations did not produce a treaty for initialling. The documents reveal that the long months of consideration and accommodation given by both bureaucracies to the drafts and counter-drafts were taking their toll, and feelings of frustration, and eventually suspicion, seemed to grip the members of the two delegations. Nonetheless, although the January negotiations were suspended, progress was made and subsequent consultations gave hope that the third round of talks set down to commence on 4 March 1975 in Tokyo could reach a settlement on the few outstanding issues.²² This was not the case. The files clearly show the Australian negotiators’ amazement when the Japanese delegation suddenly introduced a new retroactive interpretation of the meaning of MFN treatment at this round. The Australians had believed that an agreed interpretation on MFN

status and its application had been settled. (Briefly, the Japanese now contended that the MFN provision in the treaty text would give Japanese companies and investors the legal right to establish themselves in Australia at that time under the same conditions as applied under old Australian policies. Australia's interpretation was that MFN commitments operated prospectively and that Australia was only bound to offer those benefits being accorded at the time of application.) The impasse was not broken and after eight consecutive days of discussions the Australian delegation returned to Canberra.²³ There were serious concerns for the direction in which the treaty process appeared to be heading.

In summing up the situation, Michael Cook, the leader of the Australian delegation, reported that Japan wanted to use the treaty to turn the principle of non-discrimination, regarded by Australia as standard practice, into an international legal commitment. In other words, Australia saw the treaty as 'simply enshrining' a 'perfectly fair' existing situation while Japan wanted to use the treaty to change what it saw as an existing unfair situation in Australia.²⁴ The way forward obviously was to find appropriate wording within an interpretation of MFN treatment that did not contain any implications for retroactivity and prospectivity. But for next couple of months, as proposals and counter-proposals were exchanged between Tokyo and Canberra, this did not appear to be possible.

Good news and bad news

The situation suddenly changed in late June, however, with a fortuitous informal meeting at the Gaimusho between Ashton Calvert, First Secretary at the Australian embassy in Tokyo, and Tadayuki Nonoyama, a key member of the Japanese negotiating team. Records of the exchange show that these two officials argued until they clarified their countries' position to each other. They then set about devising an approach covering all expressions of MFN treatment wherever applicable in the treaty.²⁵ What was settled between Calvert and Nonoyama this day, and followed up in a number of subsequent informal meetings, was eventually accepted by both Tokyo and Canberra and, with some minor clarification, essentially incorporated in the final treaty.

But this outcome was still some way off. The March talks had only served to deepen both sides' suspicions, in one way or another, of each other's motives. In Canberra, this situation fostered interdepartmental haggling over defining generalisations in the treaty language and prevented the process moving forward in any sort of productive manner.²⁶ When Cook was posted to London as Deputy High Commissioner in July, the task of containing this state of affairs fell to his successor Garry Woodard, who would now bring a much needed fresh outlook on the problems. Believing that the bureaucrats had 'now become too timid on the matter' because of the length of time they had been working on it, he set

about putting the suspicion to rest and sorting out the legal problems that were dogging the drafting process.²⁷

It was not an easy task. While progress was made over the next few months, agreement on a few key issues, particularly on the standard of treatment to be accorded nationals and companies of each country resident in the other, still had not been reached when Malcolm Fraser was elected Prime Minister in December 1975.

The final phase

It is clear in the files that Fraser immediately proved that he was equally as determined as Whitlam had been to see the treaty concluded as soon as possible. He quickly overcame any reservations held by his ministers and squashed an attempt by the new Treasurer, Philip Lynch, to have the matter to be re-examined.²⁸ But the months passed and a number of intensive reviews and exchanges of revised texts between Canberra and Tokyo failed to resolve all the outstanding issues—particularly Japan’s proposed rewording to upgrade treatment accorded under the mandatory articles of the treaty on entry and stay matters and the conduct of business and professional matters.²⁹ An exasperated Fraser stepped in and ordered the departments to get over their bureaucratic quibbling and ‘legalistic nit-picking’ and finish the job. Declaring that ‘negotiating at arm’s length ... was an odd way of doing business’, and with Prime Minister Takeo Miki’s full support, he directed that ‘all future negotiations had to be face to face’.³⁰ With the wishes of their respective prime ministers abundantly clear, both sides came to the table in early May 1976 with the intention of reaching agreement and, indeed, after some hard bargaining all outstanding issues of substance were settled.³¹ After two and a half years of negotiations, a treaty would now be ready for signature during Fraser’s official visit to Japan the following month. It comprised a Preamble and 14 articles with a protocol, two exchanges of notes and agreed minutes attached. (There is also an attached record of discussion but this document is not part of the agreement.)³² The instruments of ratification were exchanged in Canberra on 22 July 1977 and the treaty entered into force on 21 August 1977.

Summary

The Basic Treaty of Friendship and Cooperation between Australia and Japan is the only one its kind that Australia has concluded with any country. Its negotiation was a political imperative of the Australian and Japanese prime ministers at the time. They recognised that Australia–Japan relations were at an important stage in their development. On Australia’s part, the government accepted that, given the special significance of formal treaty undertakings to

Japan, it was in Australia's interests to have an umbrella treaty that recognised the special nature of both countries' economic interdependence and under which this relationship could be broadened and deepened.

For Japan, a bilateral treaty, similar to the traditional treaties of commerce and navigation, was an essential progression in the development of its economic partnership with another country. But the Japanese, too, recognised that the Australia–Japan relationship was developing on more than economic lines and the Basic Treaty is broader in scope and purposes than any of Japan's many other treaties.

All the goodwill and mutual interests in the world, nonetheless, does not always arrive at the desired outcome. The negotiation of the treaty was a long and often difficult process and for both negotiating teams, it was a learning process to resolve the unique set of problems that confronted them. To some extent, the members of the Australian team were feeling their way, particularly in the early stages, as they negotiated Australia's first treaty of this kind. For their part, Japanese team members, despite Japan's great experience of FCN treaty-making, were faced with new elements in a treaty more comprehensive than any negotiated before.

But throughout, both sides remained committed and genuinely worked to establish a set of guiding principles that would have lasting relevance. Fraser later paid tribute to what he called 'the strong spirit of mutual accommodation' without which the treaty would not have been possible, and he paid special tribute in Parliament 'to the officials of both countries who have helped the governments of both countries' who managed to bring the treaty to a successful conclusion.³³

Thirty years on, questions surrounding the treaty's possible invocation are largely irrelevant. The real value of the Basic Treaty of Friendship and Cooperation is that it is the symbolic demonstration of the commitment of both the Australian and Japanese Governments to the bilateral relationship and it underpins continued efforts to strengthen this relationship further in the years ahead.

Notes

- * Dr Moreen Dee is Executive Officer, Historical Publications and Information Section, Department of Foreign Affairs and Trade.
- 1 Although most of these treaties predated World War II, eight had been negotiated between 1953 and 1970: United States (1953), Norway (1957), India (1958), Malaysia (1960), Argentina (1961), United Kingdom (1962), Romania (1969) and Bulgaria (1970). A treaty had also been negotiated with the Philippines but had not been ratified.
- 2 Preamble, Basic Treaty of Friendship and Co-operation between Australia and Japan, http://www.dfat.gov.au/geo/japan/japan_treaty.html

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- 3 In the nineteenth and early twentieth centuries the term ‘treaty of friendship, commerce and navigation’ was used to describe treaties between colonial powers and other independent nations negotiated to safeguard the persons and activities of merchants and traders. The treaties were considerably flexible in content and generally covered such issues as immigration entry and residence, protection of property, taxation, exchange control, customs duties and import quotas, restrictive trade practices, shipping, civil liberties and the judicial process. An FCN treaty also guaranteed equality of treatment between nationals of the beneficiary state and nationals of any third state. After World War II, the broad ranging and generalised provisions of FCN-type treaties gave way to more specific provisions on particular subjects.
- 4 The question of an Australia–Japan FCN treaty was raised by the Japanese delegations to the 1969 and 1970 meetings of the Australia–Japan Business Co-operation Committee. See National Archives of Australia (NAA): A1838, 759/1/9 parts 1 & 2.
- 5 See, for example, summary records, Australia–Japan Official Level Consultations, Tokyo, 29–30 October 1970; and Canberra, 26–27 July 1971, NAA: A1838, 759/1/9 part 2.
- 6 See record and recommendation of 5th meeting of Standing Interdepartmental Committee on Japan (IDCJ), 22 March 1972, NAA: A1209, 1974/6568; and A1838, 759/1/9 part 5. The main problems for Commonwealth–State relations were in regard to such matters as company legislation, judicial procedures, the establishment of corporations, regulation and disposal of interests in property, and resources development.
- 7 For example, *ibid.*; record of 14th meeting, IDCJ, 9 March 1973; and IDCJ report, 3 May 1973; NAA: A1838, 3103/10/17/2/4 part 12 and 3103/10/20/2 part 1.
- 8 Minute, Laurence Corkery, A/First Assistant Secretary, Division III, to William McMahon, Minister for External Affairs, 28 July 1970, NAA: A1838, 759/1/9 part 2.
- 9 Text of joint communiqué, in cablegram 3046, Tokyo to Canberra, 30 October 1973, NAA: A1209, 1973/6986.
- 10 Relevant files include: A1209—1973/6986, 1974/6572, 1974/6573, 1974/6708, 1974/6901, 1974/7184, 1974/7435, 1975/0172, and 1975/1252; and A1838—759/1/9 parts 8–15 and 3103/10/20/1 parts 1–20.
- 11 See A1838, 759/1/9 parts 5 & 6.
- 12 Minute, Robert Laurie, Foreign Affairs assistant to the Prime Minister, to Sir (John) Keith Waller, Secretary Department of Foreign Affairs (DFA), 7 December 1972, NAA: A1838, 759/1/9 part 6.
- 13 Minute, Robert Merrilees, Head, Policy Planning Branch, to Graham Feakes, Assistant Secretary, Policy Research Branch, 19 June 1973; and note, E.G. Whitlam to Waller, 20 June 1973, NAA: A1838, 759/1/9 part 8. Crawford had been involved in the negotiation of the 1957 Australia–Japan Commerce Agreement and was then advocating the need for Australia to have what he called a ‘framework of principles’ as a base for future negotiations between the two countries. See Senate Standing Committee on Foreign Affairs and Defence, 26 July 1972, pp. 990–3, NAA: A1838, 759/1/9 part 6.
- 14 Letter, Sir John Crawford to Whitlam, 17 June 1973, NAA: A1838, 759/1/9 part 8. Crawford suggested the feasibility of a treaty should be examined ‘in three parts: (a) asking what has Japan asked for? (b) what are the pros and cons of meeting their wishes in the terms so far suggested by them? (c) what sort of treaty would serve our interests and what sort of price might be sought for this?’
- 15 Memorandum, Whitlam to Waller, 20 June 1973, *ibid.*; and DFA report, ‘Australia and Japan: A Possible Treaty of Friendship and Co-operation’, July 1973, NAA: A1838, 759/1/9 part 9.

- 16 Note for file, 'Treaty with Japan', P.H. Bailey, Deputy Secretary, Department of Prime Minister and Cabinet (PM&C), 12 September 1973; and minute, Philip Flood, Assistant Secretary, Economic Policy Branch, to Waller, 19 September 1973; *ibid.*
- 17 Refer note 10.
- 18 DFA report, 'Australia and Japan', July 1973, NAA: A1838, 759/1/9 part 9.
- 19 Ministerial submission, Waller for Whitlam, 28 September 1973, *ibid.*
- 20 See files, NAA: 9564, 228/6/7 parts 8–9; and cablegram, K.C.O. Shann, Australian ambassador Tokyo, to Canberra 22 February 1975, NAA: A1838, 759/1/9 part 15.
- 21 Draft Cabinet submission, Senator Don Willesee, Minister for Foreign Affairs for Cabinet, 15 January 1975, NAA: A1838, 3103/10/20/1 part 7.
- 22 Cablegram 3642, Shann to Canberra, 22 February 1975, NAA: A1838, 759/1/9 part 15.
- 23 See for example, cablegram 3748, M.J. Cook, head Australian delegation, to Canberra, 6 March 1975, *ibid.*; and record of third round of Nara Treaty negotiations, 4–11 March 1975, NAA: A1838, 3103/10/20/1 part 10.
- 24 *Ibid.*
- 25 Cablegram 4776, Tokyo to Canberra, 27 June 1975, NAA: A1838, 3103/10/20/1 part 11. In December 1975, Calvert was posted back to Canberra to head the Japan section and worked closely on the remaining stages of the treaty's negotiation.
- 26 See NAA: A1838, 3103/10/20/1 part 12.
- 27 Letter, Woodard to Shann, 2 September 1975, *ibid.*
- 28 Letters, Philip Lynch to Malcolm Fraser, 15 January 1976; and Fraser to Lynch, 21 January 1976, NAA: A1838, 3103/10/20/1 part 14.
- 29 See NAA: A1838, 3103/10/20/1 parts 15–17.
- 30 Message, Fraser to Takeo Miki, in cablegram 9124, Canberra to Shann, 5 April, 1976; note, 'Basic Treaty: FADC [Foreign Affairs and Defence Committee] 6 April, Woodard; and letter, Wood to Eli Lauterpacht, Foreign Affairs legal adviser, 7 April 1976, NAA: A1838, 3103/10/20/1 part 17.
- 31 Summary of last round of negotiations: Basic Treaty, 3–6 May 1976, NAA: A1838, 3103/10/20/1 part 19.
- 32 For a brief overview of the elements of the treaty and its attached instruments, see Moreen Dee, *Friendship and Co-operation: the 1976 Basic Treaty between Australia and Japan*: 41–3.
- 33 Ministerial Statement, Treaty of Friendship and Co-operation between Australia and Japan, Malcolm Fraser, Commonwealth Parliamentary Debates (CPD), House of Representatives, 6 May 1976, vol. 99, p. 2053.

3 REFLECTIONS ON AUSTRALIA–JAPAN ECONOMIC RELATIONS AND AUSTRALIA’S APPROACH TO THE BASIC TREATY OF FRIENDSHIP AND COOPERATION

MAX SUICH*

The papers by Geoff Miller and David Walton and Peter Drysdale, and the equally interesting monograph by Moreen Dee on the Nara Treaty negotiation, provoke a few thoughts to an outsider to the academic and bureaucratic process, that might be worth raising as talking points.

First, it is interesting that in all the government-to-government activities and documents cited today and in the book, there is little acknowledgement of the remarkable nature of the business and personal relationships that arose with the new Australia–Japan resources relationship between 1965 and 1976. It is as if the officials and politicians did not really grasp what was going on in the relationship—and that was, I think, the case.

Those relationships arose from quite remarkable events. Against the odds, and in less than 10 years, an unprecedented trade with Japan in coal and iron ore and bauxite and alumina was established in the 1960s. This trade changed the way we thought about our economy and ourselves, and changed equally dramatically our external relations. It was the basis for the economic confidence that led to the 1983 reforms undertaken by the Hawke Government.

This trade is still having a major impact. It involved very high levels of financial and engineering risk. Confronting that risk forged close human and business relationships—strong enough and resilient enough to withstand political and economic shocks, even though some of those shocks were dealt by our own governments and their bureaucracies.

The miners and the steel mills had to persuade international banks to provide non-recourse finance for mines, railways and port works based on the expected cash flow and on the underlying assurance of the contracts from the Japanese steel mills. This was achieved despite the conviction of most international banks that Japanese contracts, because of the distinct difference of the Japanese legal system, were not enforceable in law—as to some extent proved to be the case in the major downturn that followed 1974.

This intimate, cooperative and interdependent relationship was always the sinews of the Australia–Japan economic relationship, but surprisingly it was often poorly understood by both sides in government-to-government negotiations. Both sides saw their role as pursuing

narrow national self-interest, whereas the resource relationship—because of its interdependence, imposed tolerance and cooperation, and more than a small measure of cultural understanding.

There were big differences between the Australian and Japanese sides, not least over contract prices, equity relationships, and the encouragement by the Japanese of new mines before the established mines felt they had made the profits they deserved. Race, pride, and envy intruded on both sides. This cooperative environment was not often reflected at the bureaucratic level as Moreen Dee's monograph on the treaty negotiations and the joint paper by Geoff Miller and David Walton indicates. My observations at the time also confirm this.

The bureaucratic and political negotiators did not appear to accept that the Japanese buyers and Australian sellers saw the necessary trade-offs to get these projects off the ground as fundamentally fair and just. For many years, Australian politicians and officials saw the deals—and particularly the prices achieved—as unfair and an issue to be exploited. And this unjustified rancour—rarely reflected in trade issues with the United States and the UK—persisted.

Why could business come to agreement so much more rapidly and effectively than government? The main reason is that both sides shared a common objective, which is always more than helpful. That common objective was profit, which gave business negotiations an underlying logic that the diplomatic and political negotiations lacked. I recall that this caused some concern in Japanese official and political circles.

In my time as a correspondent in Japan from 1967–71 covering these developments, it was fashionable for Japanese commentators, conservative and left-wing, to lament a sort of lost innocence: the Japanese, they said, had become 'economic animals'. That is, the post-war Japan lacked the old Japanese virtues of thrift and self discipline, contempt for material goods and fighting spirit.

In fact, many in Japanese industry felt pride in nation building by building the economy. And they met their exact counterpart in Australia. We too were nation building, in other words, we too were 'economic animals'. Call it the 'hip-pocket nerve', greed, pragmatism or native enterprise, but much can be achieved with Australia if you open markets for us and deliver economic growth. We have another example in front of us in China today.

Why did governments get involved in such pointless and sometimes damaging arm-twisting of the kind Moreen Dee, Geoff Miller and David Walton outline? It is worth noting that the various government agencies on both sides were frequently representing the lobbies and political interests of their political masters. In the period preceding the start of the Nara Treaty negotiations, and in the 1980s when markets for Australian manufactures became a major issue between Japan and Australia, the influence of key political lobby groups in both countries had much more to do with the issue than the interests of the resource relationship—which was the foundation of our new trade relationship.

It is curious how it prospered best in the shadows. In the late 1960s and early 1970s, the Department of Trade acted often as an arm of John McEwen and Doug Anthony—as a representative of the agricultural support base of the Country Party and of the manufacturing industry that McEwen had built up as the significant financier of the Country Party. I sometimes watched with amazement in Tokyo as manufacturing took all the attention of the Trade Office of the Australian Embassy to the exclusion of minerals. I wrote that in my articles on occasion and was rebuked by Russell Madigan, then head of Hamersley Iron. He wanted to be spared Doug Anthony—assistance, and he certainly did not want the help of Rex Connor, when he became the Minister for Resources and Energy in the Whitlam Government in 1972—and in hindsight he was right on that.

In the 1980s the concern of the Hawke Labor Government with finding manufacturing markets in Japan arose from the influence of the labour movement and its despair at the collapse of the Victorian manufacturing industry—and from internal coal industry quarrels where NSW saw its underground pits being outflanked by the more efficient mines of the Bowen Basin in Queensland.

In the case of the Nara Treaty, the diplomats and the bureaucrats of both sides were often fighting the last war rather than negotiating the new peace. Fear of and distaste for coloured races and of Japan in particular remained a major issue within the Australian bureaucracy and politicians well into the late 1970s. Usefully, you can detect this in Moreen Dee's monograph, though the official euphemisms sought to obscure it.

The Australian difficulty with providing 'most favoured nation' (or MFN) treatment for the 'entry and stay' of Japanese nationals is an example. Our defence of British Commonwealth preferences, not just in trade and investment but in government staff recruitment and immigration incentives, had more than a residual element of the White Australia policy underlying it. Many in the Departments of Foreign Affairs and Immigration believed well into the 1980s that there was a possibility of large-scale and undesirable Japanese immigration.

It is hard to believe now that as late as 1990 Andrew Peacock was using the Multi-Function Polis to raise fears of Japanese immigration and a Japanese 'enclave' in Adelaide as an election campaign ploy. We would call that a 'dog whistle issue' today.

There were perverse strains in the Japanese approach too. Of course there was the genuine irritation that arose from the difficulties legitimate Japanese suffered in obtaining entry visas to Australia. But in the Japanese Foreign Ministry, Finance Ministry and Ministry of International Trade and Industry (MITI), there was also a desire to punish us for the White Australia Policy of the previous 70 years, while also and paradoxically wanting the status of 'honorary whites' that they enjoyed under Apartheid in South Africa—to underline their racial superiority and give Japan equivalence with the UK.

Some Japanese officials were frank enough to disclose their feelings of irritation and envy with the Lucky Country. They felt that it was terribly unfair Australia had all these valuable resources, when we were too stupid and shiftless to make sensible use of them by building our own industries to make steel, aluminium and otherwise use our energy riches—though Japan sought to prevent the establishment of those industries in Australia, largely successfully.

A couple of other points:

As Moreen Dee makes clear the rival bureaucracies of Australia and Japan laboured long and hard on the Nara Treaty and we learn of the frustrations of the Australian side and the close encounters with failure that occurred. I would like to read a similar book arising from access to the Japanese archives – perhaps a scholar from this school might consider such a work.

Moreen Dee's monograph leads inevitably to the desire to examine the original source documents she footnotes in her book. It is intriguing to think about the language used internally to describe the underlying themes of race and fear that persisted in the 1970s. Perhaps the Department of Foreign Affairs and Trade might consider, when next an issue is deemed worth a book, that a cooperative arrangement might be made with the archives to digitise the relevant source documents so they can be referred to from outside Canberra.

China

The experience of those days raises some useful issues to consider for our new relationship with China. This time it is the iron ore miners who appear to be the cartel. Our biggest miners – BHP, RTZ and Xstrata – can hardly be called Australian companies any more. But our politicians and officials could easily persuade themselves to feel the national interest was involved in protecting them.

Eventually we are likely to see far more coordinated negotiating emerge from the Chinese mills. And then we will hear new concerns about how new mines are being encouraged to cause wasteful competition before old mines make their fair profits. If the Chinese succeed we will hear demands for Government intervention to make the trade 'fair'. The Chinese are already looking for 'fair' trade to redress their negotiation weakness. It will be interesting to see whether there is any better grasp of our resources relationships in the negotiations for the free trade treaty with China, if it gets to the next step.

Notes

- * Max Suich is Former Deputy Editor (1971–72), *Australian Financial Review*; Tokyo Correspondent (1967–71), and Chief Executive of *Fairfax Press*. (1980–87).

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